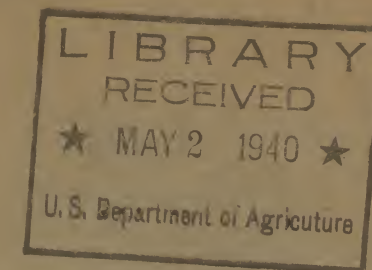


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UNITED STATES DEPARTMENT OF AGRICULTURE

REPORT

ON THE

FINANCIAL STATUS AND OPERATIONS

OF

THE FARM SECURITY ADMINISTRATION

FROM INCEPTION TO JUNE 30, 1939

UNITED STATES DEPARTMENT OF AGRICULTURE

FARM SECURITY ADMINISTRATION

REPORT ON FINANCIAL STATUS

FROM INCEPTION TO JUNE 30, 1939

ISSUED PURSUANT TO

SENATE RESOLUTION NO. 150

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M. H.
MAY 23 1940

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CHAPTER ONE
HISTORY AND DEVELOPMENT

1. SITUATION LEADING UP TO CREATION

ONE MILLION FARM FAMILIES, OR APPROXIMATELY 5,000,000 PEOPLE, WERE ON RELIEF IN 1933, ACCORDING TO ESTIMATES MADE BY THE BUREAU OF AGRICULTURAL ECONOMICS. THE PLIGHT OF THESE FAMILIES WAS ROOTED IN FORCES WHICH WENT MUCH DEEPER THAN THE CURRENTLY LOW FARM PRICES AND GENERAL DEPRESSED CONDITIONS. POOR FARM PRACTICES AND THE NECESSITY TO OVERWORK THE SOIL IN ORDER TO SCRATCH OUT A LIVING HAD NEARLY RUINED THEIR LAND. INABILITY TO COMPETE WITH MODERN METHODS OF PRODUCTION HAD DRIVEN MORE THAN 40,000 OF THEM FROM OWNERSHIP INTO TENANCY EACH YEAR. POOR HEALTH DUE TO INADEQUATE DIETS AND UNSANITARY LIVING CONDITIONS HAD DRAINED THEIR ENERGY AND INITIATIVE. CENSUS FIGURES REVEALED THAT AS EARLY AS 1929, ONE-HALF OF THE FARMS IN THE UNITED STATES WERE RECEIVING BUT ONE-TENTH OF THE GROSS CASH INCOME FROM AGRICULTURE. THIS VAST INSECURE POPULATION COULD NOT, WITH ITS MEAGER EQUIPMENT, LIMITED TECHNICAL KNOWLEDGE, AND DISAPPEARING MARKET, PRODUCE ENOUGH CASH CROPS TO BRING ADEQUATE RETURNS, OR DIVERT ENOUGH LAND AND LABOR TO PROVIDE AMPLE FOOD FOR HOME CONSUMPTION. TO CLIMAX HIS HARDSHIPS, THE LOW-INCOME FARMER WAS FACED WITH THE SUDDEN COLLAPSE OF THE RURAL CREDIT SYSTEM UPON WHICH HE HAD BEEN FORCED TO RELY FROM HARVEST TO HARVEST. LENDING AGENCIES COULD NO LONGER AFFORD TO CARRY THE SHAKY BUSINESS RISKS PRESENTED BY DISTRESSED FARM FAMILIES WHO WERE ABLE TO OFFER LITTLE SECURITY IN RETURN FOR A LOAN.

WHEN THE DEPRESSION CAME, THOUSANDS OF THESE INSECURE FARM FAMILIES TOPPLED OVER ONTO THE RELIEF ROLLS. LANDLORD AND TENANT ALIKE FACED POVERTY CONDITIONS. STATE RELIEF AGENCIES BEGAN OPERATING A VAST PROGRAM OF DIRECT RELIEF TO THESE RURAL CLIENTS ON THE SAME BASIS AS THAT PROVIDED FOR URBAN UNEMPLOYED WORKERS.

THE ACT ESTABLISHING THE FEDERAL EMERGENCY RELIEF ADMINISTRATION IN MAY, 1933, (49 STAT. 115) DIRECTED THE ADMINISTRATION TO MAKE GRANTS TO THE STATES TO MAINTAIN THIS DIRECT AGRICULTURAL RELIEF POLICY. IN MOST STATES, RURAL REHABILITATION CORPORATIONS FINANCED BY ALLOCATIONS FROM THE FEDERAL GOVERNMENT WERE SET UP TO HANDLE THIS WORK. TWO MAIN EXCEPTIONS TO THE POLICY OF DIRECT RELIEF BEGAN TO DEVELOP WITHIN THE NEXT TWO YEARS OF STATE RELIEF ADMINISTRATION. ONE WAS THE PLAN WHICH WAS FOLLOWED IN SEVERAL STATES OF LENDING MONEY THROUGH THE CORPORATIONS TO FARM FAMILIES TO FINANCE THE PURCHASE OF NECESSARY TOOLS, SEEDS AND LIVESTOCK WITH WHICH THEY COULD MAINTAIN FARM OPERATIONS. THE OTHER WAS THE USE OF FEDERAL RELIEF MONEY TO SET UP EXPERIMENTAL RESETTLEMENT PROJECTS WHICH INVOLVED MOVING PEOPLE TO BETTER LANDS AND GRANTING THEM SMALL LOANS TO AID THEM IN GETTING STARTED AGAIN. BY THE END OF 1934 "RURAL REHABILITATION" AS DISTINCT FROM DIRECT RELIEF WAS MORE GENERALLY PRACTICED. THE NUMBER OF RESETTLEMENT PROJECTS HAD INCREASED WITH THE COMMENCEMENT OF A NUMBER OF SMALL, PART-TIME FARMING COMMUNITIES BY THE DIVISION OF SUBSISTENCE HOMESTEADS IN THE DEPARTMENT OF THE INTERIOR, AS AUTHORIZED BY THE NATIONAL INDUSTRIAL RECOVERY ACT OF JUNE, 1933, (40 STAT. 200).

THOUSANDS OF ACRES OF WORN-OUT, SUBMARGINAL LAND WERE PURCHASED IN A PROGRAM BEGUN JOINTLY BY THE FEDERAL EMERGENCY RELIEF ADMINISTRATION AND THE AGRICULTURAL ADJUSTMENT ADMINISTRATION IN 1934. ON THE BASIS OF NEW STUDIES BY THE LAND POLICY SECTION OF THE NATIONAL RESOURCES BOARD AND THE EXPERIENCE OF THE DIVISION OF LAND ECONOMICS IN THE DEPARTMENT OF AGRICULTURE, THIS LAND WAS CONVERTED INTO BETTER USES, SUCH AS FORESTS, GAME PRESERVES, AND NATIONAL PARKS.

FOR THE FURTHER AID OF FARM FAMILIES IN MEETING DEPRESSED CONDITIONS THE PRESIDENT REQUESTED THE FARM CREDIT ADMINISTRATION IN OCTOBER, 1933, TO INAUGURATE A FARM DEBT ADJUSTMENT PROGRAM WHICH WOULD HELP THE FARMER SCALE DOWN HIS DEBT BURDEN.

AN AGENCY WAS NEEDED WHICH WOULD COMBINE THE RELATED EFFORTS OF ALL THESE AGENCIES INTO ONE PROGRAM DESIGNED TO REHABILITATE BOTH NEEDY FAMILIES AND WORN-OUT LAND. IN THE SPRING OF 1935, SUCH AN AGENCY WAS ESTABLISHED AS THE RESETTLEMENT ADMINISTRATION.

2. AUTHORITY FOR CREATION

THE RESETTLEMENT ADMINISTRATION, OF WHICH THE PRESENT FARM SECURITY ADMINISTRATION IS THE SUCCESSOR, WAS CREATED ON APRIL 30, 1935, BY EXECUTIVE ORDER NO. 7027 ISSUED BY THE PRESIDENT, PURSUANT TO THE AUTHORITY VESTED IN HIM BY THE EMERGENCY RELIEF APPROPRIATION ACT OF 1935 (49 STAT. 115, 15 U.S.C., SUP. 728), APPROVED APRIL 8, 1935. IN SECTION 1 OF THIS ACT, IT WAS PROVIDED THAT "FUNDS MADE AVAILABLE BY THIS JOINT RESOLUTION MAY BE USED, IN THE DISCRETION OF THE PRESIDENT, FOR THE PURPOSE OF MAKING LOANS TO FINANCE, IN WHOLE OR IN PART, THE PURCHASE OF FARM LANDS AND NECESSARY EQUIPMENT BY FARMERS, FARM TENANTS, CROPPERS OR FARM LABORERS. SUCH LOANS SHALL BE MADE ON SUCH TERMS AS THE PRESIDENT SHALL PRESCRIBE AND SHALL BE REPAYED IN EQUAL ANNUAL INSTALLMENTS, OR IN SUCH MANNER AS THE PRESIDENT MAY DETERMINE".

THE PRESIDENT'S EXECUTIVE ORDER WAS ISSUED SPECIFICALLY TO CONSOLIDATE THE RELATED FUNCTIONS IN ONE AGENCY. SECTION 4 OF THE ACT AUTHORIZED HIM TO ESTABLISH AND PRESCRIBE THE FUNCTIONS OF THE AGENCIES WITHIN THE GOVERNMENT WHICH WOULD BE NECESSARY TO CARRY OUT ITS PROVISIONS.

AS A RESULT, THE RESETTLEMENT ADMINISTRATION WAS SET UP TO:

(1) ADMINISTER APPROVED PROJECTS INVOLVING RESETTLEMENT OF DESTITUTE OR LOW-INCOME FAMILIES; (2) INITIATE AND ADMINISTER APPROVED PROJECTS WITH RESPECT TO SOIL EROSION, STREAM POLLUTION, SEACOAST EROSION, REFORESTATION, FORESTATION AND FLOOD CONTROL; AND (3) MAKE LOANS TO NEEDY FARM FAMILIES AS PRESCRIBED BY THE PRESIDENT UNDER SECTION 1 OF THE RELIEF ACT.

THE WORK OF AGENCIES WHICH HAD PREVIOUSLY HANDLED SCATTERED PARTS OF THE RURAL REHABILITATION PROGRAM WAS TRANSFERRED TO THE NEW RESETTLEMENT ADMINISTRATION. THE FEDERAL EMERGENCY RELIEF ADMINISTRATION'S LAND PROGRAM WAS TRANSFERRED TO RESETTLEMENT BY EXECUTIVE ORDER NO. 7028, APRIL 30, 1935. THE AGRICULTURAL ADJUSTMENT ADMINISTRATION'S LAND POLICY SECTION AND THE REGIONAL AND STATE PLANNING CONSULTANTS OF THE NATIONAL RESOURCES BOARD WERE TRANSFERRED TO THE LAND UTILIZATION DIVISION OF THE NEW AGENCY. THE SUBSISTENCE

HOMESTEADS PROGRAM OF THE DEPARTMENT OF THE INTERIOR WAS SHIFTED BY EXECUTIVE ORDER NO. 7041, MAY 15, 1935. LATER, ON JULY 1, 1935, THE ENTIRE RURAL REHABILITATION PROGRAM WHICH HAD BEEN CARRIED ON BY THE STATE AGENCIES WITH FEDERAL MONEY WAS TURNED OVER TO THE RESETTLEMENT ADMINISTRATION. THE PROCEDURE OF MAKING DIRECT GRANTS TO FARM FAMILIES UNDER EMERGENCY CONDITIONS, INCORPORATED IN THE REHABILITATION PROGRAM AS A RESULT OF SEVERE DROUGHTS, WAS TAKEN OVER WITH THE OTHER REHABILITATION FUNCTIONS. AS A RESULT OF A RULING BY THE COMPTROLLER GENERAL WHICH PROHIBITED THE OPERATION OF THE NEW PROGRAM THROUGH THE CORPORATIONS, THE RESETTLEMENT ADMINISTRATION HAD TO SET UP FIELD OFFICES, AND THE CORPORATIONS WERE ASKED TO TURN OVER THE MANAGEMENT OF THEIR ASSETS TO THE NEW AGENCY.

INCLUDED AMONG THE ACTIVITIES WHICH THE RESETTLEMENT ADMINISTRATION ASSUMED WAS THE FARM DEBT ADJUSTMENT PROGRAM, WHICH HAD BEEN TRANSFERRED TO THE FEDERAL EMERGENCY RELIEF ADMINISTRATION FROM THE FARM CREDIT ADMINISTRATION EARLIER IN THE YEAR.

THE RESETTLEMENT ADMINISTRATION WAS TRANSFERRED TO THE DEPARTMENT OF AGRICULTURE BY EXECUTIVE ORDER NO. 7530, ON DECEMBER 31, 1936, AND WAS SET UP AS A SEPARATE UNIT IN THE DEPARTMENT BY THE SECRETARY'S MEMORANDUM NO. 706, ISSUED JANUARY 1, 1937. EIGHT MONTHS LATER IT BECAME THE FARM SECURITY ADMINISTRATION, BY AUTHORITY OF THE SECRETARY'S MEMORANDUM NO. 732, DATED SEPTEMBER 1, 1937. ADMINISTRATIVE RESPONSIBILITY FOR THE LAND CONSERVATION AND UTILIZATION PROGRAMS WERE TRANSFERRED BY THE SECRETARY'S MEMORANDUM NO. 733 OF THE SAME DATE TO THE BUREAU OF AGRICULTURAL ECONOMICS. ALL OTHER FUNCTIONS OF THE RESETTLEMENT ADMINISTRATION WERE CARRIED OVER BY THE NEW FARM SECURITY ADMINISTRATION EXCEPT THE PROGRAM OF RECREATIONAL DEMONSTRATION PROJECTS WHICH HAD BEEN TRANSFERRED FROM THE RESETTLEMENT ADMINISTRATION TO THE DEPARTMENT OF THE INTERIOR BY EXECUTIVE ORDER 7496, ISSUED BY THE PRESIDENT ON NOVEMBER 14, 1936. ADDITIONAL FUNCTIONS WERE PRESCRIBED ON SEPTEMBER 30, 1937, WHEN THE SECRETARY'S MEMORANDUM NO. 738 VESTED THE ADMINISTRATION WITH THE RESPONSIBILITY FOR CARRYING OUT THE FARM-PURCHASE PROGRAM OF TITLE I AND RELATED PROVISIONS OF TITLE IV OF THE BANKHEAD-JONES FARM TENANT ACT (50 STAT. 522; 7 U.S.C., SUP. 1000-1006).

CURRENT AUTHORIZATION FOR THE ACTIVITIES OF THE FARM SECURITY ADMINISTRATION IS FOUND IN SECTION 3, SUBSECTION (D) OF THE EMERGENCY RELIEF APPROPRIATION ACT OF 1939 (PUBLIC RESOLUTION #24, 76TH CONGRESS, FIRST SESSION), WHICH STATES THAT THE WORK OF THE ADMINISTRATION IS EXTENDED FOR ONE YEAR THROUGH JUNE 30, 1940.

3. OWNERSHIP

THE ASSETS OF THE FARM SECURITY ADMINISTRATION BELONG TO THE UNITED STATES. THERE IS NO PARTICIPATION IN ITS OWNERSHIP BY ANY INDIVIDUAL OR CLASS OF INDIVIDUALS OTHER THAN THE GOVERNMENT. SIMILARLY, THE FARM SECURITY ADMINISTRATION DOES NOT SHARE IN THE OWNERSHIP OF ANY OTHER FEDERAL AGENCY OR CORPORATION. IN REGARD TO THE STATE REHABILITATION CORPORATIONS, THE FARM SECURITY ADMINISTRATION HAS MERELY BEEN ENTRUSTED WITH THE MANAGEMENT OF THE RESIDUAL ASSETS OF THE CORPORATIONS.

4. ORGANIZATION AND MANAGEMENT

THE FARM SECURITY ADMINISTRATION IS A BUREAU IN THE DEPARTMENT OF AGRICULTURE. IN WASHINGTON, AN ADMINISTRATOR, AIDED BY THREE ASSISTANT ADMINISTRATORS HEADS THE WORK OF THE ORGANIZATION. THERE ARE THREE MAJOR OPERATING DIVISIONS IN THE WASHINGTON OFFICE CONCERNED WITH ADMINISTERING THE REHABILITATION, RESETTLEMENT, AND TENANT PURCHASE PROGRAMS. EACH OF THEM, WITH RESPECT TO THE PORTION OF THE PROGRAM ASSIGNED TO IT, PLANS AND DEVELOPS ITS PROGRAM; ADVISES THE ADMINISTRATOR WITH RESPECT TO ITS POLICIES AND PROCEDURES; RECOMMENDS THE NECESSARY STANDARD FORMS, PROCEDURES AND INSTRUCTIONS THEREFOR; OBSERVES FOR THE ADMINISTRATOR, BY FIELD TRIPS AND ANALYSES OF REPORTS, THE PROGRESS OF ITS OWN PROGRAM AND THE GENERAL APPLICATION OF APPROVED POLICIES AND PROCEDURES, AND REPORTS THEREON TO THE ADMINISTRATOR.

THE PROGRAM OF THE ADMINISTRATION IS CARRIED OUT AND ADMINISTERED BY TWELVE REGIONAL OFFICES IN ACCORDANCE WITH THE POLICIES AND PROCEDURES FORMULATED BY THE WASHINGTON DIVISIONS. REGIONAL OFFICES ARE LOCATED IN THE FOLLOWING CITIES: WASHINGTON, D. C., MILWAUKEE, WISCONSIN, RALEIGH, NORTH CAROLINA, INDIANAPOLIS, INDIANA, MONTGOMERY, ALABAMA, LITTLE ROCK, ARKANSAS, LINCOLN, NEBRASKA, DALLAS, TEXAS, SAN FRANCISCO, CALIFORNIA, DENVER, COLORADO, PORTLAND, OREGON, AND AMARILLO, TEXAS. EACH REGION EMBRACES TERRITORY IN TWO OR MORE STATES IN WHICH SIMILAR PROBLEMS OF LAND USE AND FARM MANAGEMENT ARE ENCOUNTERED. THE REGIONAL OFFICES ARE UNDER THE JURISDICTION OF REGIONAL DIRECTORS WHO REPORT DIRECTLY TO THE ADMINISTRATOR. EACH REGIONAL OFFICE HAS FULL CHARGE OF THE WORK IN SEVERAL STATES THAT HAVE SIMILAR FARMING CONDITIONS AND PROBLEMS. MOST REGIONS HAVE ONE OR MORE ASSISTANT DIRECTORS IN CHARGE OF THE RURAL REHABILITATION, RESETTLEMENT, AND TENANT PURCHASE PROGRAMS. REGIONAL FARM AND HOME MANAGEMENT STAFFS WORK WITH SUPERVISORS IN THE FIELD AND ADVISE THOSE IMMEDIATELY IN CHARGE OF THE FIELD PROGRAMS. THE ACCOUNTING AND OTHER FISCAL WORK IS UNDER THE SUPERVISION OF A REGIONAL FINANCE MANAGER.

REGIONAL OFFICES HAVE JURISDICTION OVER STATE OFFICES HEADED BY STATE DIRECTORS. THESE OFFICIALS COORDINATE THE WORK OF THE COUNTY AND DISTRICT SUPERVISORS BELOW THEM, WITH THE AID OF ASSOCIATE STATE DIRECTORS IN CHARGE OF HOME MANAGEMENT. THE CHIEF FUNCTIONS OF STATE DIRECTORS ARE TO LINK THE FARM SECURITY PROGRAM WITH THAT OF OTHER AGENCIES IN THE STATE, AND TO SECURE THE EDUCATIONAL MATERIAL MADE AVAILABLE BY THE STATE AGRICULTURAL COLLEGES, AND THE EXPERIMENT STATION AND EXTENSION SERVICE OF THE DEPARTMENT OF AGRICULTURE.

DISTRICT SUPERVISORS AND THEIR STAFFS MAINTAIN DISTRICT OFFICES, IN WHICH THE WORK OF THE COUNTY SUPERVISORS IS COORDINATED AND PARTICULAR PROBLEMS OF COUNTY PERSONNEL ARE WORKED OUT.

ALL CONTACT WITH FAMILIES ASSISTED BY LOANS OR DIRECT RELIEF IS ORDINARILY MADE THROUGH THE COUNTY OFFICE, WHICH SERVES AS THE REHABILITATION CENTER IN ALL RURAL AREAS. EACH OF THE NEARLY 2,000 COUNTY OFFICES IS RUN BY A RURAL REHABILITATION SUPERVISOR, WHO IS PROVIDED WITH CLERICAL HELP AND IS USUALLY AIDED BY A HOME MANAGEMENT SUPERVISOR. THROUGH THIS OFFICE, APPLICATIONS FOR LOANS ARE MADE, FARM AND HOME MANAGEMENT PLANS UPON WHICH THE LOANS ARE BASED ARE DRAWN UP, AND THE ACTUAL WORK OF SUPERVISION, DEBT ADJUSTMENTS AND LOAN COLLECTION IS CARRIED ON.

THERE HAVE BEEN NO STATUTORY REQUIREMENTS RELATIVE TO ORGANIZATION AND MANAGEMENT, EXCEPT THE PROVISIONS OF TITLE I AND IV OF THE BANKHEAD-JONES FARM TENANT ACT (50 STAT. 522; 7 U.S.C., SUP. 1000-1006), WHICH REQUIRED COUNTY COMMITTEES TO BE ORGANIZED AND AUTHORIZED THE FARMER'S HOME CORPORATION IN CONNECTION WITH THE TENANT PURCHASE PROGRAM. THIS CORPORATION HAS NOT BECOME ACTIVE BECAUSE THE PROGRAM AUTHORIZED BY THE ACT HAS BEEN DELEGATED TO BUREAUS AND AGENCIES IN THE DEPARTMENT OF AGRICULTURE. RULES AND REGULATIONS RELATIVE TO MANAGEMENT AND PROCEDURE, WHEN THEY ARE OF BASIC IMPORTANCE, ARE ISSUED IN THE FORM OF SECRETARY'S MEMORANDA. MOST REGULATIVE ISSUANCES PROCEED FROM THE OFFICE OF THE ADMINISTRATOR AS ADMINISTRATIVE ORDERS AND INSTRUCTIONS, WHICH CONFORM TO THE POLICIES PRESCRIBED BY THE SECRETARY.

ONLY ONE SET OF REGULATIONS HAS BEEN ISSUED BY THE PRESIDENT, IN EXECUTIVE ORDER NO. 7143, AUGUST 19, 1935. THIS ORDER PRESCRIBED THE TERMS UPON WHICH LOANS FOR PURPOSES OF RURAL RELIEF COULD BE MADE, AS PROVIDED BY THE EMERGENCY RELIEF APPROPRIATION ACT OF 1935, ALREADY CITED.

5. PURPOSES, FUNCTIONS AND ACTIVITIES

THE LONG-RUN OBJECTIVES AND PURPOSES OF THE FARM SECURITY ADMINISTRATION'S PROGRAM OF RELIEF IN STRICKEN AGRICULTURAL AREAS ARE:

- (1) TO RELIEVE HUMAN SUFFERING AND MISERY AND TO INCREASE REAL INCOME IN RURAL COMMUNITIES BY MAKING POSSIBLE SELF-SUFFICIENT FARM AND HOME OPERATIONS;
- (2) TO HELP FARM FAMILIES IMPROVE THEIR LIVING STANDARDS AND CONTRIBUTE TO THE NATIONAL ECONOMY BY RENDERING ASSISTANCE AND ADVICE ON PROBLEMS OF HEALTH, HOUSING AND SANITATION;
- (3) TO PROVIDE FOR BETTER LAND USE BY MAKING POSSIBLE THE CURTAILMENT OF WASTEFUL PRACTICES;
- (4) TO LIGHTEN THE LOAD ON THE RURAL DEBTOR BY HELPING NEEDY FARMERS PLAN THEIR OPERATIONS AND ADJUST THEIR DEBTS;
- (5) TO STABILIZE AND IMPROVE RURAL FARM LIFE BY CHECKING THE TREND TOWARD TENANCY AND ESTABLISHING WIDESPREAD OWNERSHIP OF PROPERTY AND SECURITY OF RESIDENCE;
- (6) TO FOSTER A RICHER AND MORE CO-OPERATIVE COMMUNITY LIFE BY EXPLORING AND DEMONSTRATING THE POTENTIALITIES OF GROUP ACTIVITY.

THE WORK OF THE FARM SECURITY ADMINISTRATION HAS ASSUMED THREE MAJOR PHASES:

- (1) A PROGRAM OF RURAL REHABILITATION UNDER WHICH: (A) FARMERS HANDICAPPED BY AN UNECONOMIC SCHEME OF OPERATIONS AND UNABLE TO OBTAIN ADEQUATE CREDIT FROM ANY OTHER SOURCE MAY OBTAIN ASSISTANCE IN PLANNING A BETTER SYSTEM OF FARMING, AND MAY, IN ADDITION, OBTAIN SMALL LOANS TO ENABLE THEM TO PUT THE PLANS IN OPERATION; (B) FARMERS OVERBURDENED WITH DEBT ARE HELPED TO NEGOTIATE VOLUNTARY ADJUSTMENT WITH THEIR CREDITORS; AND (C) FARM FAMILIES IN EXTREME DISTRESS, AND WITHOUT PROSPECT OF MAKING A CROP (AS IN DROUGHT OR FLOOD AREAS), MAY RECEIVE SMALL GRANTS FOR THE PURCHASE OF FOOD, CLOTHING AND ESSENTIALS OF LIFE.
- (2) A FARM-PURCHASE PROGRAM UNDER WHICH TENANTS, SHARECROPPERS, AND FARM LABORERS MAY RECEIVE LOANS FOR PURCHASE AND IMPROVEMENT OF FARMS OF THEIR OWN.
- (3) A REHABILITATION PROJECT PROGRAM UNDER WHICH THE FARM SECURITY ADMINISTRATION IS ADMINISTERING 148 PART-TIME FARMING, FULL-TIME FARMING, MIGRATORY LABOR, AND SUBURBAN HOME PROJECTS INCLUDING 14 BEGUN BY PREDECESSOR AGENCIES WHICH HAVE BEEN SOLD TO ASSOCIATIONS.

THE POWERS EXPRESSLY VESTED IN THE ADMINISTRATION BY STATUTE AND EXECUTIVE ORDER UNDER WHICH THESE PROGRAMS ARE CARRIED ON HAVE BEEN LISTED IN SECTION 2 OF THIS CHAPTER, "AUTHORITY FOR CREATION".

CHAPTER TWO

FINANCIAL POLICIES

1. LOANS AND DIRECT RELIEF

AUTHORITY FOR THE MAKING OF LOANS FOR RURAL REHABILITATION AND FOR GRANTS TO STRICKEN FARM FAMILIES IS GIVEN IN THE EMERGENCY RELIEF APPROPRIATION ACT IN EFFECT AT THE TIME OF ISSUANCE. THE ORIGINAL AUTHORITY WAS PROVIDED IN THE EMERGENCY RELIEF APPROPRIATION ACT FOR 1935 (AS PREVIOUSLY CITED IN CHAPTER 1). POWERS DELEGATED TO THE PRESIDENT BY THOSE STATUTES RELATIVE TO USE OF FUNDS FOR THESE PURPOSES HAVE BEEN REDELEGATED TO THE SECRETARY OF AGRICULTURE AND THE FARM SECURITY ADMINISTRATION BY EXECUTIVE ORDER (SEE SECTION 2, CHAPTER 1, "AUTHORITY FOR CREATION").

THE PROVISION FOR RURAL RELIEF IN THE EMERGENCY RELIEF APPROPRIATION ACT OF 1935 WAS INTERPRETED IN EXECUTIVE ORDER NO. 7143, AUGUST 15, 1935, TO INCLUDE LOANS "EITHER TO INDIVIDUALS OR TO SUCH BONA FIDE AGENCIES OR COOPERATIVE ASSOCIATIONS AS THE ADMINISTRATOR SHALL APPROVE".

TENANT PURCHASE LOANS WERE AUTHORIZED IN TITLE I, SECTION 1 (A) AND SUBSEQUENT SUBSECTIONS OF THE BANKHEAD-JONES FARM TENANT ACT. (50 STAT. 522; 7 U.S.C., SUP. 1000-1006).

FUNDS FOR REHABILITATION LOANS AND FOR REHABILITATION PURPOSES ON RESETTLEMENT PROJECTS WERE PROVIDED IN THE ANNUAL EMERGENCY RELIEF APPROPRIATION ACTS. FUNDS FOR TENANT PURCHASE LOANS ARE MADE AVAILABLE IN THE ANNUAL AGRICULTURAL APPROPRIATION ACTS, AS AUTHORIZED BY THE BANKHEAD-JONES FARM TENANT ACT.

(1) REHABILITATION LOANS TO FARM FAMILIES:

FARM OWNERS, FARM TENANTS, SHARECROPPERS, FARM LABORERS, OR PERSONS WHO, WHEN LAST EMPLOYED, OBTAINED THE MAJOR PORTION OF THEIR LIVELIHOOD FROM FARMING OPERATIONS ARE ELIGIBLE FOR REHABILITATION LOANS.

THE 1,198,896 LOANS TO 564,070 FAMILIES OF THIS TYPE WHICH HAVE BEEN MADE AS OF JUNE 30, 1939 CONSTITUTE THE LARGEST PART OF THE GOVERNMENT'S RURAL RELIEF PROGRAM. AS A RESULT OF INCREASING THEIR NET WORTH AND ACHIEVING SATISFACTORY FARM MANAGEMENT OPERATIONS, MOST OF THE MORE THAN 140,000 FAMILIES WHO HAD REPAYED REHABILITATION LOANS ARE NOW IN A POSITION TO OBTAIN AMPLE CREDIT ELSEWHERE WHEN NEEDED.

AT THE TIME OF APPLICATION FOR EITHER AN INITIAL OR A SUPPLEMENTARY LOAN, AN APPLICANT MUST BE UNABLE TO GET ADEQUATE FUNDS FROM ANY OTHER SOURCE. HE MUST GIVE EVIDENCE OF PREVIOUS MANAGERIAL ABILITY, RESOURCEFULNESS AND GOOD CHARACTER; AND MUST SHOW THAT THE LAND AVAILABLE TO HIM IS CAPABLE OF PROVIDING A SATISFACTORY RETURN IF INTELLIGENTLY WORKED. THE APPLICANT MUST AGREE TO ACCEPT AND FOLLOW FARM AND HOME MANAGEMENT PLANS DEVELOPED BY THE FAMILY WITH THE ASSISTANCE OF THE LOCAL COUNTY OFFICE STAFF WHICH PROVIDE FOR: (1) THE RAISING AND CANNING OF ENOUGH VEGETABLES AND FRUITS TO PROVIDE AN ADEQUATE DIET FOR THE FAMILY; (2) THE GROWING OF SUFFICIENT LIVESTOCK FOR FARMING OPERATIONS AND FOOD PURPOSES; (3) THE DIVERSION OF ADEQUATE ACREAGE IN FEED CROPS FOR THE LIVESTOCK; AND (4) THE RAISING OF A SPECIFIED ACREAGE IN CASH CROPS. ON THE BASIS OF THESE PLANS, AN ESTIMATED 85 PER CENT OF THE FAMILIES ON THE RURAL REHABILITATION PROGRAM ARE MAKING SATISFACTORY PROGRESS TOWARD PERMANENT REHABILITATION.

THIS ADVANCE OF CREDIT IS MADE IN ORDER TO ENABLE THE FARMER TO GET THE BARE ESSENTIALS FOR HIS FARMING OPERATIONS, SUCH AS A MULE OR A PLOW, AND TO HELP HIM GET NECESSARY SERVICES LIKE MEDICAL CARE WHICH WILL IMPROVE THE HEALTH AND EFFICIENCY OF HIMSELF AND HIS FAMILY. ITS PURPOSE IS TO PUT THE FARMER ON HIS FEET, WHILE GUIDANCE IS BEING OFFERED TO HELP HIM OPERATE HIS FARM WITH THE GREATEST POSSIBLE EFFICIENCY. LOANS VARY IN SIZE WITH THE TYPE OF FARMING INDIGENOUS TO THE REGION AND MORE OR LESS FAMILIAR TO THE OPERATOR. ADVANCES RANGE FROM AN AVERAGE OF ABOUT \$250 IN AREAS WHERE THE TYPE OF FARMING REQUIRES A SMALLER PHYSICAL OUTLAY TO OVER \$800 IN AREAS WHERE NORMAL OPERATIONS MAKE A LARGER INVESTMENT IN STOCK AND EQUIPMENT NECESSARY. THE NATIONAL AVERAGE FOR STANDARD REHABILITATION LOANS IS APPROXIMATELY \$300 EACH.

STANDARD REHABILITATION LOANS ARE ORDINARILY MADE FOR PERIODS FROM ONE TO FIVE YEARS, ALTHOUGH IN CERTAIN SPECIAL INSTANCES LOANS ARE GRANTED FOR TEN YEARS. STANDARD LOANS GENERALLY BEAR AN INTEREST RATE OF 5 PER CENT. HOWEVER, THE SECRETARY, BY VIRTUE OF THE AUTHORITY DELEGATED BY THE PRESIDENT TO THE ADMINISTRATOR OF THE RESETTLEMENT ADMINISTRATION IN EXECUTIVE ORDER NO. 7143, AUGUST 19, 1935, AND SUBSEQUENTLY DELEGATED TO THE SECRETARY MAY LOWER THE RATE TO 3 PER CENT ON LOANS FOR SPECIAL PURPOSES, AS FOR EXAMPLE, PARTICIPATION IN A WATER FACILITIES PROGRAM.

THE STANDARD REHABILITATION LOAN IS EVIDENCED BY ONE OR MORE PROMISSORY NOTES; SECURED BY A FIRST LIEN ON CROPS GROWING OR TO BE GROWN BY THE BORROWER AND A FIRST LIEN ON ANY LIVESTOCK OR EQUIPMENT PURCHASED WITH THE PROCEEDS OF THE LOAN. WHEN ADDITIONAL SECURITY IS REQUIRED OR DESIRABLE BECAUSE OF THE NATURE OF A PARTICULAR LOAN, THERE MAY ALSO BE TAKEN AN ASSIGNMENT OF THE PROCEEDS FROM THE SALE OF THE BORROWER'S AGRICULTURAL PRODUCTS; A LIEN ON OTHER PERSONAL PROPERTY; A REAL ESTATE MORTGAGE OR DEED OF TRUST ON PROPERTY OWNED BY THE BORROWER; OR AN ASSIGNMENT OF A LEASEHOLD WITH A LIEN ON IMPROVEMENTS FINANCED BY THE LOAN. IF LOCAL NEEDS WARRANT, THE REGIONAL DIRECTOR, MAY, ON THE ADVICE OF THE SOLICITOR OF THE DEPARTMENT OF AGRICULTURE AND APPROVAL OF THE SECRETARY, PRESCRIBE DIFFERENT TYPES OF SECURITY. HOWEVER, BECAUSE OF THE NATURE OF THIS PROGRAM, SECURITY IS NOT ALWAYS THE PRIMARY CONSIDERATION IN MAKING A LOAN. THE PROSPECT FOR REHABILITATION AS DETERMINED BY A SOUND FARM AND HOME PLAN IS A MORE IMPORTANT FACTOR.

REPAYMENT IS ARRANGED IN ACCORDANCE WITH THE ANTICIPATED MAXIMUM ABILITY OF THE BORROWER TO REPAY, USUALLY AS INDICATED BY THE FARM AND HOME MANAGEMENT PLAN. IN INSTANCES OF SEVERE FINANCIAL STRESS FOR THE BORROWER, THE FIRST TWO ANNUAL PAYMENTS ON THE PRINCIPAL OF A FIVE-YEAR LOAN MAY BE DEFERRED, AND FULL PAYMENT SUBSEQUENTLY MADE ON AMORTIZATION SCHEDULES WORKED OUT FOR THE LAST THREE YEARS. MORE THAN 140,000 FAMILIES HAVE REPAYED THEIR LOANS, ALTHOUGH MOST OF THE MONEY LOANED WAS NOT YET DUE ON JUNE 30, 1939.

EXECUTIVE ORDER NO. 7143, ISSUED BY THE PRESIDENT ON AUGUST 19, 1935, PROVIDED THAT UPON DEFAULT IN THE REPAYMENT OF ANY LOAN OR PAYMENT OF INTEREST, THE ADMINISTRATION MAY (1) ENFORCE PAYMENT BY REALIZING UPON THE SECURITY AND BY LEGAL PROCEEDINGS, (2) EXTEND THE TIME OF PAYMENT WHERE THE CIRCUMSTANCES SO JUSTIFY, OR (3) REFINANCE THE LOAN UPON TERMS AND CONDITIONS NOT INCONSISTENT WITH THE REGULAR PROVISIONS FOR REHABILITATION ADVANCES. IN LINE WITH THE EXECUTIVE ORDER, IT IS THE POLICY OF THE ADMINISTRATION TO GRANT A FORBEARANCE WHERE IT IS EVIDENT THAT THE BORROWER IS UNABLE TO PAY BECAUSE OF UNAVOIDABLE DELAY IN HARVESTING OR IF THE CONDITION OF HIS LIVESTOCK IS UNFAVORABLE FOR MARKETING, OR IF OTHER CONDITIONS EXIST WHICH WOULD

SEEM TO MAKE A POSTPONEMENT OF PAYMENT ADVISABLE. FORBEARANCES ARE APPROVED IN THE REGIONAL OFFICES AND ARE GENERALLY GRANTED FOR A PERIOD NOT EXCEEDING SIX MONTHS.

SIMILARLY, WHEN CIRCUMSTANCES JUSTIFY, THE REGIONAL DIRECTOR MAY APPROVE THE RENEWAL OF NOTES GIVEN BY A BORROWER WHEN ONE OR MORE OF THE NOTES ARE IN DEFAULT. THE RENEWAL OF THE STANDARD LOANS IS BASED ON REVISED FARM MANAGEMENT PLANS AND IS GRANTED FOR A PERIOD NOT EXCEEDING FIVE YEARS FROM THE DATE ON WHICH THE RENEWAL IS APPROVED.

IF IT IS APPARENT AFTER DEFAULT THAT TAKING POSSESSION OF MORTGAGED PROPERTY CANNOT BE AVOIDED, REPOSSESSIVE ACTION IS TAKEN BY THE GOVERNMENT AND THE BORROWER'S PROPERTY SOLD AT PRIVATE (WHERE THE PROPERTY IS PERISHABLE) OR PUBLIC FORECLOSURE SALE. PROCEEDS FROM SUCH SALES ARE DISBURSED IN THE FOLLOWING ORDER OF PRIORITY: (1) PRIOR LIEN HOLDERS, (2) FARM SECURITY ADMINISTRATION DEBT SECURED BY THE MORTGAGE, (3) JUNIOR LIEN HOLDERS, (4) OTHER FARM SECURITY ADMINISTRATION DEBTS, AND (5) THE BALANCE TO THE MORTGAGOR. THE BORROWER'S ACCOUNT IS CREDITED WITH COLLECTIONS APPLIED UNDER (2) AND (4) ABOVE.

APPLICATIONS FOR REHABILITATION LOANS ARE FILED WITH THE COUNTY SUPERVISOR. THE ONLY COST INCURRED BY THE BORROWER IN OBTAINING A LOAN IS THAT INCIDENTAL TO THE RECORDING OR FILING OF MORTGAGES, LIENS OR OTHER SECURITY INSTRUMENTS. THE AUTHORITY FOR MAKING THESE LOANS HAS IN MOST CASES BEEN DELEGATED BY THE REGIONAL DIRECTOR TO ASSISTANTS IN CHARGE OF LOANS AND COLLECTIONS, EXCEPT WHEN THE LOANS ARE IN EXCESS OF SPECIFIED AMOUNTS. COLLECTIONS ARE MADE BY THE COUNTY SUPERVISORS, OR BY THEIR OFFICE ASSISTANTS OR THE HOME MANAGEMENT SUPERVISORS. ALL COLLECTION AGENTS ARE BONDED. STATEMENTS OF ACCOUNT ARE USUALLY RENDERED JUST PRIOR TO, DURING, AND IMMEDIATELY FOLLOWING THE HARVESTING SEASON, AT THE TIME THAT THE PRODUCERS OF AGRICULTURAL PRODUCTS ARE BEST ABLE TO MAKE REPAYMENTS. THE STATEMENTS ARE PREPARED IN THE REGIONAL OFFICE AND ARE MAILED DIRECTLY TO THE BORROWERS. THE FOLLOWING INFORMATION REGARDING EACH NOTE SIGNED BY EACH BORROWER IS INCLUDED IN THE STATEMENT: THE AMOUNT OF PRINCIPAL AND INTEREST WHICH HAS MATURED, THE AMOUNT OF PRINCIPAL AND INTEREST WHICH HAS BEEN REPAYED, THE UNPAID AMOUNTS, AND THE AMOUNTS OF PRINCIPAL AND INTEREST DUE AS OF THE DATE OF THE BILL. ALL FUNDS COLLECTED AS INTEREST OR REPAYMENTS ON LOANS ARE DEPOSITED IN THE TREASURY OF THE UNITED STATES AS MISCELLANEOUS RECEIPTS FOR CREDIT TO THE GENERAL REVENUES OF THE GOVERNMENT. IN THE CASE OF A RENEWAL OF A BORROWER'S LOAN A STATEMENT OF ACCOUNT IS PREPARED UPON RECEIPT IN THE REGIONAL OFFICE OF THE ACCEPTED RENEWAL NOTE.

IN ADDITION TO THE FARM AND HOME MANAGEMENT PLAN, OTHER ASSISTANCE IS RENDERED THE FARMERS IN HANDLING THEIR FINANCES. METHODS OF KEEPING ADEQUATE ACCOUNT AND RECORD BOOKS ARE DEMONSTRATED AND COPIES OF SUCH BOOKS ARE MADE AVAILABLE. EXPERT TECHNICAL ADVICE ON PURCHASING, AND THE BEST POSSIBLE INFORMATION ON MARKETING PROCEDURES AND CONDITIONS, ARE FURNISHED. EACH OF THE SERVICES IS DESIGNED TO HELP THE FARMER TO DISCHARGE HIS FINANCIAL RESPONSIBILITIES.

LOANS IN KIND INSTEAD OF CASH ADVANCES ARE SOMETIMES MADE TO REHABILITATION CLIENTS. THIS IS ONE OF THE MEANS BY WHICH THE GOVERNMENT DISPOSES OF PROPERTY WHICH IS ACQUIRED THROUGH REPOSSESSION PROCEEDINGS.

THE FARM SECURITY ADMINISTRATION HAS NO LEGAL AUTHORITY TO WRITE OFF ANY DEBTS OWED TO THE GOVERNMENT. HOWEVER, ALL OTHER EFFORTS AT COLLECTION ARE MADE BEFORE LEGAL PROCEEDINGS ARE RESORTED TO. FARM SECURITY OFFICIALS DO NOT INSTITUTE LEGAL PROCEEDINGS, BUT REFER THE CASES THROUGH THE SOLICITOR OF THE DEPARTMENT OF AGRICULTURE TO APPROPRIATE DISTRICT ATTORNEYS OF THE DEPARTMENT OF JUSTICE.

REGIONAL DIRECTORS ARE AUTHORIZED TO EXECUTE RELEASES FROM LIENS AND DO SO ON THE RECOMMENDATION OF THE COUNTY SUPERVISOR, WHEN SUCH RELEASES MIGHT IMPROVE THE POSITION OF A REHABILITATION BORROWER. PURPOSES FOR WHICH RELEASES MAY BE SECURED ARE: (1) TO DISPOSE OF PROPERTY IN ORDER TO GET FUNDS WITH WHICH TO PAY OFF THE LOAN OR TO ACQUIRE, UNDER THE DIRECTION OF THE SUPERVISOR, MORE SUITABLE LAND; (2) TO EXCHANGE THE PROPERTY FOR BETTER LAND, AS RECOMMENDED BY THE SUPERVISOR; AND (3) TO MEET CERTAIN JUSTIFIABLE EMERGENCY, SUBSISTENCE OR OPERATING EXPENSES, OR TO PRESERVE OTHER PROPERTY FROM DETERIORATION.

LOANS ARE LIKEWISE MADE TO REHABILITATION BORROWERS (OR OTHER LOW-INCOME FARMERS WHO CANNOT SECURE ADEQUATE CREDIT FROM ANY OTHER EXISTING SOURCE) FOR PARTICIPATION IN CO-OPERATIVE AND GROUP SERVICE ACTIVITIES, WHEN SUCH PARTICIPATION WILL CONTRIBUTE MATERIALLY TO THEIR REHABILITATION. THESE LOANS ARE GRANTED FOR COMMUNITY SERVICES WHICH MAY BE OWNED AND OPERATED BY AN INDIVIDUAL FOR THE BENEFIT OF A GROUP; OWNED JOINTLY BY SEVERAL MEMBERS OF A GROUP; OR OWNED BY THE GROUP AS A WHOLE. PERSONS RECEIVING SUCH A LOAN EXECUTE A NOTE AND FURNISH THE TYPE OF SECURITY WHICH MIGHT BE REQUIRED UNDER THE TERMS OF THEIR STANDARD REHABILITATION LOAN AGREEMENT. BOTH THE PERIOD OF TIME FOR WHICH THE LOANS ARE MADE AND THE REPAYMENT PROVISIONS VARY WITH THE FINANCIAL RESOURCES AND EARNING POWER OF THE BORROWER, AND IN THE CASE OF LOANS TO FINANCE THE PURCHASE OF SPECIFIC PROPERTY, WITH THE PROBABLE RATE OF DEPRECIATION, THE ESTIMATED LIFE OF THE PROPERTY, AND THE AMOUNT OF THE LOAN AS COMPARED WITH THE TITLE PURCHASE PRICE. LOANS ABOVE \$50 TO AN INDIVIDUAL CAN BE MADE ONLY AS STANDARD REHABILITATION LOANS AND MUST BE SUPPORTED BY ADEQUATE FARM AND HOME MANAGEMENT PLANS.

APPLICATIONS ARE FILED WITH THE COUNTY SUPERVISORS. FINAL APPROVAL USUALLY RESTS WITH THE ASSISTANT REGIONAL DIRECTOR IN CHARGE OF RURAL REHABILITATION. USE OF THE LOANS IS SUPERVISED BY THE COUNTY SUPERVISOR, WITH SUCH TECHNICAL AID BY STATE AND REGIONAL COOPERATIVE SPECIALISTS AS THE REGIONAL DIRECTOR MAY AUTHORIZE.

(2) REHABILITATION LOANS TO COOPERATIVE ASSOCIATIONS OF FARMERS:

LOANS MAY BE MADE TO NEW ASSOCIATIONS TO ESTABLISH COOPERATIVE SERVICES OR TO EXISTING COOPERATIVE ASSOCIATIONS FOR PURPOSES OF REFINANCING OR EXTENDING FACILITIES OR SERVICES WHERE FARM SECURITY CLIENTS ARE MATERIALLY BENEFITTED THEREBY. LOANS OF THIS SORT HAD BEEN MADE TO 186 ASSOCIATIONS AS OF JUNE 30, 1939. OF THESE 93 ARE ASSOCIATIONS FORMED BY OCCUPANTS ON REHABILITATION PROJECTS. AN ASSOCIATION TO BE ELIGIBLE MUST BE A BONA FIDE GROUP, INCORPORATED OR UNINCORPORATED, ENGAGED OR PROPOSED TO BE ENGAGED IN BONA FIDE COOPERATIVE ACTIVITIES FOR THE MUTUAL BENEFIT OF ITS MEMBERS. IT CAN IMPOSE NO INEQUITABLE RESTRICTIONS UPON MEMBERSHIP OR ACTIVE PARTICIPATION, MUST PROVIDE FOR THE DEMOCRATIC DETERMINATION OF POLICY AND MUST OPERATE WITHIN THE PERTINENT LAWS OF THE STATE.

SPECIFIC PURPOSES FOR WHICH THESE LOANS ARE MADE ARE: (1) TO ACQUIRE NECESSARY PROPERTY; (2) TO CONSTRUCT BUILDINGS AND PURCHASE EQUIPMENT; (3) TO PROVIDE NECESSARY OPERATING CAPITAL; (4) TO REFINANCE OR RE-ESTABLISH EXISTING COOPERATIVE ACTIVITIES; AND (5) TO FINANCE MISCELLANEOUS EXPENSES. SERVICES AND FACILITIES PROVIDED BY THE ASSOCIATION WHICH ARE ACCEPTABLE FOR PURPOSES OF THE LOAN ARE: HOME CONVENIENCES, FOOD CONSERVATION AND PROCESSING, GENERAL FARM NEEDS, HARVESTING, PROCESSING, GRADING, PACKING AND STORING, MARKETING, PURCHASING, LIVESTOCK IMPROVEMENT, HANDICRAFTS, MEDICAL AND HEALTH SERVICES.

SATISFACTORY MANAGEMENT MUST BE ASSURED, CONFORMING TO PRINCIPLES SET FORTH BY THE FARM SECURITY ADMINISTRATION. LOANS ARE SECURED BY A MORTGAGE, CHATTEL MORTGAGE, OR LIEN ON THE PROPERTY OR CROP SO ACQUIRED OR PRODUCED, WITH DIFFERENT TYPES OF SECURITY BEING REQUIRED IN DIFFERENT AREAS. THE PERIOD FOR WHICH A LOAN IS MADE VARIES CONSIDERABLY ACCORDING TO PURPOSE, THE FINANCIAL RESOURCES OF THE INDIVIDUALS CONCERNED, ESTIMATED LIFE OF THE PROPERTY WHERE IT EXISTS, AND DEPRECIATION ON THAT PROPERTY. THE MAXIMUM PERIOD IS 40 YEARS. REPAYMENT AT 3 PER CENT INTEREST IS MADE ACCORDING TO AN AMORTIZATION SCHEDULE WORKED OUT FOR EACH LOAN.

WHEN ENOUGH PROPERTY IS NOT AVAILABLE FOR ADEQUATE SECURITY, THE LOAN AGREEMENT PROVIDES CERTAIN MANAGEMENT CONTROLS BY THE GOVERNMENT. IN ALL INSTANCES, INSPECTIONS ARE REQUIRED ON ALL CONSTRUCTION PROJECTS FINANCED WITH A LOAN BEFORE THE ASSOCIATION CAN MAKE FINAL PAYMENT FOR THEM.

(3) DIRECT RELIEF TO FARMERS:

DIRECT RELIEF IN THE FORM OF GRANTS IS PROVIDED FOR EMERGENCY CONDITIONS IN STRICKEN AGRICULTURAL AREAS. FARM OWNERS, FARM TENANTS, SHARECROPPERS, FARM LABORERS, AND OTHER PERSONS WHO NOW LIVE ON FARMS OR IN FARM AREAS AND WHO, WHEN LAST EMPLOYED, RECEIVED THE MAJOR PORTION OF THEIR INCOME FROM FARM OPERATIONS ARE ELIGIBLE. GRANTS ARE ISSUED WITHOUT REGARD TO THE AVAILABILITY OF SUITABLE AND ADEQUATE SOIL RESOURCES AND OTHER CONDITIONS AND CHARACTERISTICS, OTHER THAN EMPLOYABILITY. AN APPLICANT'S NEED IS ESTABLISHED WHEN IT IS DETERMINED THROUGH PERSONAL INVESTIGATION THAT HIS MATERIAL AND CREDIT RESOURCES ARE INADEQUATE TO MEET ACCEPTED SUBSISTENCE REQUIREMENTS, TO MAINTAIN HEALTH, OR TO PREVENT HUMAN SUFFERING.

GRANTS ARE MADE TO STANDARD LOAN BORROWERS WHERE REHABILITATION CAN BE ACCOMPLISHED ONLY BY SUCH ADDITIONAL AID, USUALLY WHERE UNFORESEEN EMERGENCIES NOT ANTICIPATED IN THE FARM MANAGEMENT PLAN ARISE. THEY ARE PROVIDED TO MEET EMERGENCY NEEDS FOR FOOD, FUEL, CLOTHING, SHELTER, INDISPENSABLE MEDICAL SERVICES, AND OTHER ESSENTIAL SUBSISTENCE GOODS OR SERVICES. THE POLICY OF RESORTING TO GRANTS ONLY WHERE IT HAS BEEN IMPOSSIBLE TO WORK OUT A REPAYMENT SCHEDULE BASED ON FARM AND HOME PLANS HAS REDUCED THE GRANT LOAD IN THE PAST YEAR. A TOTAL OF 1,079,900 GRANTS AVERAGING APPROXIMATELY \$20 EACH WAS MADE DURING THE PAST FISCAL YEAR.

(4) LOANS TO FARM TENANT FAMILIES FOR PURCHASE OF FARMS:

LOANS ARE MADE TO FARM TENANTS, FARM LABORERS, SHARECROPPERS AND OTHERS WHO ARE ENGAGING OR HAVE RECENTLY ENGAGED IN FARMING OPERATIONS FOR THE MAJOR PORTION OF THEIR INCOME, IN ORDER TO HELP THEM PURCHASE A FARM. FOR THE TWO YEARS IN WHICH THESE LOANS HAVE BEEN AVAILABLE, 6,179 LOANS HAVE BEEN APPROVED OF WHICH 4,494 HAD BEEN ADVANCED. THESE LOANS, AS AUTHORIZED BY THE BANKHEAD-JONES FARM TENANT ACT (50 STAT. 522; 7 U.S.C., SUP. 1000-1006), ARE MADE ONLY IN COUNTIES RECOMMENDED TO THE SECRETARY OF AGRICULTURE BY THE FARM SECURITY ADVISORY COMMITTEES IN THE VARIOUS STATES, AND APPROVED BY THE SECRETARY. AS REQUIRED BY THE ACT, THE TOTAL FUNDS AVAILABLE ARE DISTRIBUTED AMONG THE STATES AND TERRITORIES ON THE BASIS OF FARM POPULATION AND THE PREVALENCE OF TENANCY. A TOTAL OF 732 COUNTIES IN THE UNITED STATES, HAWAII AND PUERTO RICO WAS DESIGNATED FOR THE TENANT PURCHASE PROGRAM FOR THE FISCAL YEAR 1938-1939.

APPLICATION FOR SUCH LOANS IS MADE THROUGH THE COUNTY SUPERVISOR. A SPECIAL THREE-MAN COMMITTEE CHOSEN BY THE SECRETARY FROM AMONG THE FARMERS OF THE COUNTY CONSIDERS THE APPLICATIONS AND CERTIFICATES ELIGIBLE FAMILIES TO THE SECRETARY. TO BE ELIGIBLE, THE HEAD OF THE FAMILY MUST BE A CITIZEN, HAVE A GOOD REPUTATION AMONG HIS NEIGHBORS, HAVE DEMONSTRATED RESOURCEFULNESS AND FARMING ABILITY, AND BE UNABLE TO OBTAIN FINANCIAL AID ELSEWHERE. THE FAMILY MUST HAVE SHOWN A REASONABLE STABILITY OF RESIDENCE, BE FREE FROM INFECTIOUS DISEASE OR PHYSICAL DISABILITIES WHICH MIGHT HINDER FARM OPERATIONS, AND BE DESIROUS OF PARTICIPATING IN THE PROGRAM. THE FARMER HAS TO AGREE TO COOPERATE IN DEVELOPING AND CARRYING OUT A SOUND FARM AND HOME MANAGEMENT PLAN, TO MAINTAIN ADEQUATE ACCOUNTS AND RECORDS, TO KEEP THE BUILDINGS IN REPAIR, TO FOLLOW GOOD SOIL PRACTICES, TO PAY TAXES AND ASSESSMENTS ON THE LAND AND PROPERTY AND TO PAY FOR INSURANCE ON THE FARM BUILDINGS. PREFERENCE IS GIVEN APPLICANTS WHO ARE MARRIED OR HAVE DEPENDENTS, WHO CAN MAKE A DOWN PAYMENT, OR WHO OWN SOME LIVESTOCK OR FARM IMPLEMENTS.

THE COUNTY COMMITTEE, IN ADDITION TO CERTIFYING THE APPLICANTS, SATISFIES ITSELF THAT THE FARM WHICH THE APPLICANT WANTS TO BUY IS ADEQUATE IN SIZE AND FACILITIES AND THAT ITS PRICE IS IN ACCORDANCE WITH ITS EARNING CAPACITY. WHERE THE FARM DOES NOT HAVE AMPLE BUILDINGS OR CONTAINS BUILDINGS IN NEED OF REPAIR, THE LOAN IS MADE TO COVER COSTS OF CONSTRUCTION OR IMPROVEMENT.

THE INTEREST RATE FOR TENANT PURCHASE LOANS IS SET BY LAW AT 3 PER CENT, AND THE MAXIMUM PERIOD FOR WHICH THE LOANS ARE MADE IS 40 YEARS. AMORTIZATION SCHEDULES AS PRESCRIBED FOR BORROWERS VARY IN DIFFERENT CIRCUMSTANCES. A VARIABLE PAYMENT PLAN IS AVAILABLE FOR TENANT PURCHASE BORROWERS UNDER WHICH THE BORROWER MAKES PAYMENT ON HIS LOAN ACCORDING TO THE AMOUNT OF HIS YEARLY NET CASH INCOME, PAYING MORE IN GOOD YEARS AND LESS IN BAD. NO FINAL PAYMENT ON THESE LOANS CAN BE MADE IN LESS THAN FIVE YEARS. TOTAL REPAYMENTS TO JUNE 30, 1939 HAVE BEEN MORE THAN THE TOTAL AMOUNT MATURED.

2. INVESTMENTS (SECURITIES)

THE FARM SECURITY ADMINISTRATION HAS NO LEGAL AUTHORITY TO USE FEDERAL FUNDS FOR INVESTMENT IN SECURITIES OF OTHER FEDERAL AGENCIES OR OF PRIVATE CORPORATIONS. NO FUNDS MADE AVAILABLE TO THE FARM SECURITY ADMINISTRATION HAVE BEEN USED FOR SUCH PURPOSES.

3. FIXED PROPERTY

NO FEDERAL MONEY IS NOW AVAILABLE TO THE FARM SECURITY ADMINISTRATION FOR THE ACQUISITION OF ANY ADDITIONAL LAND.

THE REAL PROPERTIES PURCHASED AND CONSTRUCTED BY THE FARM SECURITY ADMINISTRATION AND ITS PREDECESSORS HAVE BEEN GROUPED INTO REHABILITATION PROJECTS OF SEVERAL TYPES: COMMUNITY OR CONTIGUOUS FARM PROJECTS, PROJECTS WHERE THE FARMS ARE SEPARATED, SUBSISTENCE HOMESTEAD PROJECTS, SUBURBAN HOUSING PROJECTS AND MIGRATORY LABOR CAMPS. ON LAND WHICH HAS BEEN PURCHASED FOR FARMING OR RESIDENTIAL PURPOSES, HOUSES, OUT-BUILDINGS, AND COMMUNITY AND COMMERCIAL STRUCTURES HAVE BEEN CONSTRUCTED IN SOME INSTANCES BY INDIVIDUALS AND COOPERATIVE ASSOCIATIONS TO WHOM LOANS FOR SUCH PURPOSES WERE MADE. ON SOME OF THE LAND PURCHASED BY THE ADMINISTRATION, SUBSTANTIAL IMPROVEMENTS WERE ALREADY ON THE LAND. (THE SUBMARGINAL LAND BOUGHT EARLIER BY THE RESETTLEMENT ADMINISTRATION FOR RETIREMENT AND OTHER PURPOSES WAS TRANSFERRED FOR ADMINISTRATION TO THE BUREAU OF AGRICULTURAL ECONOMICS BY THE SECRETARY'S MEMORANDUM NO. 733, ISSUED SEPTEMBER 1, 1937).

FOURTEEN SUBSISTENCE HOMESTEAD PROJECTS, CONSISTING OF GROUPS OF HOMESTEADS RANGING IN NUMBER FROM 10 TO OVER 100, HAVE BEEN CONVEYED TO HOMESTEAD ASSOCIATIONS COMPOSED OF HOMESTEADERS LIVING ON THE PROJECTS. MORTGAGES OR DEEDS OF TRUST HAVE BEEN TAKEN AS SECURITY, AND CONVEYANCE PAPERS HAVE LINKED THE PROPERTIES TO CONTINUING REHABILITATION ADVICE. ON OTHER SUBSISTENCE HOMESTEAD PROJECTS, THE OCCUPANTS OR LESSEES OR LICENSEES FROM THE GOVERNMENT. IN SOME INSTANCES, THE TRACTS ARE BEING SOLD DIRECT TO INDIVIDUAL OCCUPANTS UNDER SALES AGREEMENTS.

ON THE FARM PROJECTS, HOMESTEADERS ARE IN OCCUPANCY UNDER BOTH SHORT AND LONG-TERM LEASES, AS WELL AS PURCHASE CONTRACTS. IN A FEW INSTANCES, ENTIRE PROJECTS HAVE BEEN LEASED UNDER LONG-TERM LEASES TO COOPERATIVE ASSOCIATIONS. ON THE LARGE SCALE SUBURBAN PROJECTS, HOMES AND APARTMENTS ARE LEASED TO OCCUPANTS UNDER RENTAL AGREEMENTS.

PRICE AND RENTAL POLICIES ON EACH PROJECT ARE DETERMINED BY THE ADMINISTRATION IN LIGHT OF THE PURPOSE FOR WHICH THE PROJECT IS SET UP. AMONG THE FACTORS WHICH BEAR DIRECTLY UPON THE DETERMINATION OF THESE POLICIES ARE: (1) THE COST OF THE PROPERTY TO THE GOVERNMENT; (2) THE ESTIMATED ABILITY OF HOMESTEADERS TO PAY CERTAIN PRICES OR RENTALS AND OPERATING EXPENSES; (3) THE "FAIR MARKET VALUE" OF THE PROPERTY; AND (4) REASONABLE LOSS WHICH THE GOVERNMENT CAN BE EXPECTED TO TAKE IN ORDER TO ACHIEVE THE REHABILITATION OR RESETTLEMENT OBJECTIVES WHICH HAVE BEEN SET.

CLOSE SUPERVISION IS MAINTAINED OVER THE PROPERTIES OWNED, LEASED OR SOLD BY THE ADMINISTRATION, TO ASSURE PROPER MAINTENANCE AND PRESERVATION OF THE PROPERTY. INSURANCE AGREEMENTS HAVE BEEN MADE UNDER WHICH ALL PROPERTIES IN WHICH THE ADMINISTRATION IS INTERESTED ARE INSURED ON A REPLACEMENT BASIS AT A MINIMUM OF COST. THE INSURANCE COVERAGE PROVIDES AGAINST LOSS OR DAMAGE BY FIRE, LIGHTNING, WINDSTORM, TORNADO, CYCLONE, HAIL, EXPLOSION, RIOT, CIVIL COMMOTION, AIRCRAFT, SELF-PROPELLED VEHICLES, SMOKE AND IN SOME INSTANCES EARTHQUAKE. ALL PROPERTIES ARE AUTOMATICALLY COVERED WITH PROVISIONS MADE FOR AUTOMATIC CORRECTION OF ERROR. AUTHORITY FOR THIS INSURANCE COVERAGE IS FOUND IN THE BANKHEAD-BLACK ACT OF JUNE 27, 1936 (40 U.S.C., 431-434).

PROCEEDS FROM THE SALE OF REAL PROPERTY ARE COVERED INTO THE MISCELLANEOUS RECEIPTS ACCOUNT OF THE TREASURY. RENTAL RECEIPTS FROM THE OPERATION OF PROJECTS ARE, AS PROVIDED IN THE BANKHEAD-BLACK ACT OF JUNE 27, 1936, (40 U.S.C., 431-434), USED FOR PAYMENTS IN LIEU OF TAXES AND TO DEFRAY THE COSTS OF INSURANCE AND OTHER PROJECT EXPENSE. IN SOME SALES CONTRACTS, IT IS PROVIDED THAT MONEY PAID BY THE PURCHASER TOWARD EVENTUAL OWNERSHIP OF REAL PROPERTY IS PLACED IN A SPECIAL TRUST FUND DEPOSIT ACCOUNT IN THE TREASURY WHICH IS NOT TRANSFERRED INTO THE MISCELLANEOUS RECEIPTS ACCOUNT UNTIL PAYMENTS HAVE BEEN COMPLETED, IN ORDER THAT ANY NECESSARY ADJUSTMENTS IN THE PURCHASER'S ACCOUNT MAY BE MADE BEFORE TITLE IS FINALLY TRANSFERRED.

SOME LAND HAS BEEN LEASED AS GRAZING LAND TO PRIVATE INDIVIDUALS, WHO MAKE ADVANCE DEPOSITS FOR ITS USE. EACH DEPOSIT IS PLACED IN A SPECIAL TRUST FUND ACCOUNT, AND IS SUBSEQUENTLY RETURNED TO THE LESSEE IF HE DOES NOT USE ALL THE ACREAGE COVERED BY HIS DEPOSIT AS ORIGINALLY INTENDED, OR IS COVERED AS EARNINGS INTO THE MISCELLANEOUS RECEIPTS ACCOUNT OF THE TREASURY IF THE ENTIRE ACREAGE IS USED AS PLANNED AND THE ENTIRE DEPOSIT IS EARNED.

4. INSURANCE

THE FARM SECURITY ADMINISTRATION DOES NOT ENGAGE IN INSURANCE ACTIVITIES AS A BUSINESS. PROVISIONS FOR THE INSURANCE OF CERTAIN GOVERNMENT-OWNED PROPERTIES HAVE BEEN EXPLAINED BRIEFLY ABOVE UNDER THE SECTION 3, "FIXED PROPERTY". EMPLOYEES COLLECTING CASH FOR THE ADMINISTRATION ARE COVERED BY FIDELITY BONDS. THE FARM SECURITY ADMINISTRATION HAS NO LEGAL AUTHORITY TO FINANCE ITS ACTIVITIES BY INSURING LOANS MADE WITH PRIVATE FUNDS.

5. REVENUE PRODUCING ACTIVITIES

REVENUE PRODUCED BY FARM SECURITY ADMINISTRATION ACTIVITIES MAY BE CLASSIFIED AS FOLLOWS:

A. FROM LOANS TO FARMERS

1. INTEREST EARNED ON REHABILITATION LOANS TO FARM FAMILIES.
2. INTEREST EARNED ON REHABILITATION LOANS TO COOPERATIVE ASSOCIATIONS OF FARMERS.
3. INTEREST EARNED ON LOANS TO FARM TENANT FAMILIES FOR PURCHASE OF FARMS.

B. FROM INVENTORIES HELD FOR RESALE

1. PROFIT ON SALES OF INVENTORIES.

C. FROM REHABILITATION PROJECTS

1. RENTALS EARNED FROM PROJECT LEASES.
2. INTEREST EARNED FROM SUBSISTENCE HOMESTEAD PROJECT SALES CONTRACTS.
3. INCOME FROM SALES OF SCRAP, TIMBER AND EQUIPMENT.
4. MISCELLANEOUS PROJECT INCOME.

LEGAL PROVISIONS WHICH AUTHORIZE THE VARIOUS PHASES OF THE RURAL RELIEF AND REHABILITATION PROGRAM SERVE AS AUTHORITY FOR THE REVENUE-PRODUCING ACTIVITIES WHICH ARE DESIGNED TO CARRY OUT THAT PROGRAM. THIS AUTHORITY HAS BEEN DISCUSSED FULLY IN CHAPTER I OF THIS REPORT.

ALTHOUGH THE LAND USE AND CONSERVATION PROGRAM WAS TRANSFERRED TO OTHER BUREAUS AND AGENCIES, FOR ACCOUNTING PURPOSES THESE LAND UTILIZATION PROJECTS AND THEIR INCOME APPEAR IN THE FARM SECURITY ADMINISTRATION'S FINANCIAL STATEMENTS FOR THE PERTINENT PERIODS PRIOR TO THE TRANSFER.

THE ACTIVITIES DESCRIBED IN THE PRECEDING SECTIONS OF THIS CHAPTER WHICH PRODUCED REVENUE FOR THE ADMINISTRATION HELPED PRODUCE REVENUES FOR THE FARMERS, TOO. A RECENT SURVEY OF 232,947 TYPICAL REHABILITATION BORROWERS REVEALED THAT THEIR TOTAL NET WORTH — OVER AND ABOVE ALL DEBTS, INCLUDING THEIR OBLIGATIONS TO THE GOVERNMENT — HAD INCREASED SINCE THEY RECEIVED THEIR LOANS BY \$61,817,903 OR 37.4 PER CENT. THIS WAS AN AVERAGE INCREASE IN NET WORTH OF \$265.37 PER FAMILY.

ALTHOUGH NOT REVENUE PRODUCING IN THE SENSE OF PROFIT EARNING, THE MAJORITY OF EXPENDITURES OF THE FARM SECURITY ADMINISTRATION ARE OF A RECOVERABLE CHARACTER AND AS SUCH RECOVERIES ARE MADE, THE PROCEEDS ARE COVERED INTO THE MISCELLANEOUS RECEIPTS ACCOUNT OF THE TREASURY AND THUS BECOME PART OF THE GENERAL REVENUES OF THE FEDERAL GOVERNMENT.

THE SOURCES FROM WHICH THE TREASURY IS OBTAINING MISCELLANEOUS RECEIPTS THROUGH FARM SECURITY ADMINISTRATION ACTIVITIES MAY BE CLASSIFIED AS FOLLOWS:

A. FROM REPAYMENTS ON PRINCIPAL OF LOANS RECEIVABLE:

1. REHABILITATION LOANS TO FARM FAMILIES.
2. REHABILITATION LOANS TO COOPERATIVE ASSOCIATIONS OF FARMERS.
3. LOANS TO FARM TENANT FAMILIES FOR PURCHASE OF FARMS.

B. FROM SALES OF INVENTORIES.

C. FROM SALES OF REHABILITATION PROJECT PROPERTIES.

THE TYPES OF ASSETS DESCRIBED ABOVE HAVE BEEN ACQUIRED IN DUE COURSE AS PART OF THE NORMAL OPERATING ACTIVITIES OF THE FARM SECURITY ADMINISTRATION AND WILL PROBABLY BE CONVERTED INTO CASH OVER A PERIOD OF TIME AND THUS REIMBURSE THE TREASURY IN LARGE PART FOR THE ORIGINAL EXPENDITURES MADE.

6. NON-REVENUE PRODUCING ACTIVITIES

TO PUT THE REHABILITATION PROGRAM INTO EFFECT AND TO FURTHER RELIEVE DISTRESS IN RURAL AREAS, THE ADMINISTRATION CARRIES ON A NUMBER OF ACTIVITIES WHICH ARE NEITHER STRICTLY ADMINISTRATIVE NOR REVENUE PRODUCING IN CHARACTER. THESE ACTIVITIES CONSTITUTE SERVICES WHICH THEMSELVES ARE A PART OF THE PROGRAM.

A SUMMARY OF THESE ACTIVITIES FOLLOWS:

(1) MAKING, COLLECTING AND SERVICING REHABILITATION LOANS: A NUMBER OF ACTIVITIES ARE NECESSARY TO INSURE THE PROPER SECURITY FOR GOVERNMENT LOANS AND TO PROVIDE BORROWERS WITH PROMPT AND EFFICIENT ACTION ON THEIR APPLICATIONS. THESE INCLUDE INVESTIGATION OF APPLICATIONS, PREPARATION OF FARM AND HOME PLANS, INSPECTION OF LEASES, SERVICING AND COLLECTING PAYMENTS, PREPARING NOTES AND MORTGAGES, CARRYING OUT FORBEARANCE PROCEDURES, REPOSSESSING AND SELLING CHATTELS WHEN NECESSARY AND MAKING RECEIPTS FOR AND REMITTING TO THE TREASURY PROCEEDS THEREFROM. THESE SERVICES ARE PERFORMED LARGELY IN COUNTY AND DISTRICT OFFICES WITH SOME ASSISTANCE FROM THE STATE AND REGIONAL OFFICES. NONE OF THE WORK PERFORMED IN THE WASHINGTON OFFICES IS CONSIDERED AS PART OF THIS ACTIVITY.

(2) TECHNICAL SERVICES — LOANS TO FARM TENANT FAMILIES FOR PURCHASE OF FARMS: AFTER A LIMITED NUMBER OF FARM FAMILIES HAVE BEEN CAREFULLY CHOSEN TO RECEIVE THE BENEFITS OF THIS PROGRAM, AID IS GIVEN THEM IN SELECTING THEIR FARM, PLANNING CONSTRUCTION AND OTHER IMPROVEMENTS, WORKING OUT FARM AND HOME BUDGETS, AND DEVELOPING PROGRAMS OF LAND USE AND FARM OPERATION. THE WORK OF SELECTING APPLICANTS, FINDING SUITABLE FARMS AND OTHER PRELIMINARY WORK IS PERFORMED THROUGH LOCAL COUNTY COMMITTEES.

(3) DIRECT RELIEF TO FARMERS: THE NATURE OF THIS PHASE OF THE FARM SECURITY ADMINISTRATION PROGRAM HAS BEEN DISCUSSED IN SECTION I OF THIS CHAPTER. IT IS OBVIOUS THAT DIRECT RELIEF EXPENDITURES, HOWEVER NECESSARY TO RELIEVE OR PREVENT HUMAN SUFFERING, BRINGS NO RETURNS MEASURABLE IN MONEY. THEREFORE, FOR ACCOUNTING PURPOSES THIS ACTIVITY MUST BE CLASSIFIED AS NON-REVENUE PRODUCING. INCLUDED UNDER THIS ACTIVITY, IN ADDITION TO DIRECT DISTRIBUTION OF CASH AND COMMODITY GRANTS, ARE THE INCIDENTAL SERVICES OF INVESTIGATING APPLICATIONS, BUDGETING THE NEEDS OF ELIGIBLE FAMILIES AND OTHER RELATED WORK PERFORMED IN LOCAL COUNTY AND DISTRICT OFFICES.

(4) FARM AND HOME MANAGEMENT ASSISTANCE: THE NATURE OF THE CREDIT ADVANCED TO REHABILITATION BORROWERS MAKES NECESSARY FARM AND HOME ASSISTANCE WHICH WILL INSURE THE BEST USE OF THE FUNDS. THIS ASSISTANCE INCLUDES ADVICE ON CROP PRODUCTION AND FARMING OPERATIONS, NEW METHODS OF PREPARING FOOD, AID IN SECURING IMPROVEMENTS IN EQUIPMENT AND FACILITIES, AND GENERAL HELP IN WORKING OUT THE FAMILY BUDGET. A SURVEY OF 232,947 TYPICAL REHABILITATION BORROWERS SHOWED THAT UNDER FARM AND HOME MANAGEMENT PLANS, THESE FAMILIES HAD TRIPLED THEIR PRODUCTION OF FOOD FOR HOME CONSUMPTION SINCE COMING ON THE PROGRAM. ANNUAL CANNING OF FRUITS AND VEGETABLES PER FAMILY HAD INCREASED FROM 51 TO 221 QUARTS ANNUALLY, MILK PRODUCED FOR HOME USE HAD INCREASED FROM 99 TO 465 GALLONS; AND COMPARABLE GAINS WERE REPORTED IN THE PRODUCTION OF MEAT AND EGGS FOR HOME USE. SIMILARLY, MANAGEMENT ASSISTANCE PROVIDED FOR RECIPIENTS OF GRANTS HAD INSURED A MORE EFFICIENT USE OF GOVERNMENT RELIEF FUNDS. THIS TYPE OF AID IS EQUAL IN IMPORTANCE TO THE LOAN PROCEEDS IN EFFECTING SUCCESSFUL AND LASTING REHABILITATION OF LOW-INCOME RURAL FAMILIES.

(5) **VOLUNTARY FARM DEBT ADJUSTMENT:** DEBT ADJUSTMENT IS NECESSARY IN MANY CASES IN ORDER FOR A SOUND LOAN TO BE MADE TO A BORROWER, OR TO PLACE A FARMER IN A POSITION WHERE HE CAN OPERATE HIS FARM WITHOUT DANGER OF FORECLOSURE. LOCAL FARM DEBT ADJUSTMENT COMMITTEES BRING TOGETHER DEBTOR FARMERS AND THEIR CREDITORS IN AN EFFORT TO HELP THEM REACH AN AGREEMENT WHICH WILL ENABLE THE FARMER TO CONTINUE OPERATING. DEBT ADJUSTMENT IS ACHIEVED BY TIME EXTENSIONS, INTEREST RATE REDUCTIONS, AND BY REDUCTIONS IN THE ORIGINAL DEBT FIGURES. THROUGH JUNE 30, 1939, THE DEBTS OF MORE THAN 112,000 FARMERS HAD BEEN ADJUSTED DOWNWARDS BY MORE THAN \$90,000,000 AND LOCAL GOVERNMENTS WERE PAID MORE THAN \$4,650,000 IN DELINQUENT TAXES AS THE RESULT OF THESE DEBT ADJUSTMENT ACTIVITIES. DURING THE PAST FISCAL YEAR, THE PROGRAM WAS INSTRUMENTAL IN REDUCING THE DEBTS OF 28,687 FARMERS BY \$22,743,226.

(6) **MANAGEMENT, OPERATION AND MAINTENANCE ON REHABILITATION PROJECTS:** A NUMBER OF MANAGEMENT AND SUPERVISORY ACTIVITIES ARE NECESSARY IN CONNECTION WITH THE OPERATION OF PROJECTS WHICH HAVE BEEN COMPLETED OR ARE NOW IN THE PROCESS OF BEING COMPLETED, AND FOR WHICH FUNDS HAVE BEEN PROVIDED. THESE EXPENDITURES HAVE BEEN PARTIALLY OFFSET BY RENTALS AND OTHER REVENUES FROM THESE PROJECTS.

THERE IS A CLOSE RELATION BETWEEN THE SIX ACTIVITIES DESCRIBED ABOVE, AS SERVICE OR DEVELOPMENT FUNCTIONS, AND THE ADMINISTRATION'S REVENUE PRODUCING ACTIVITIES. FARM AND HOME MANAGEMENT ASSISTANCE ASSURES THE BEST USE OF GOVERNMENT FUNDS LOANED OR GRANTED FOR RELIEF PURPOSES, INCREASES THE EFFECTIVENESS OF GOVERNMENT EFFORTS AT REHABILITATION AND HELPS THE FARMER REPAY HIS GOVERNMENT OBLIGATION. VOLUNTARY DEBT ADJUSTMENT PUTS THE FARMER WHO IS HEAVILY IN DEBT IN A POSITION TO MAKE THE BEST USE OF A LOAN OR GRANT HE MAY RECEIVE. TECHNICAL SERVICES MADE AVAILABLE TO TENANT PURCHASE BORROWERS ARE ESSENTIAL IF THE PROPER START TOWARD SELF-SUFFICIENCY THROUGH OWNERSHIP IS TO BE MADE.

7. OPERATING EXPENDITURES

ALL TYPES OF MAJOR OPERATING EXPENDITURES EXCEPT THOSE OF GENERAL ADMINISTRATION HAVE BEEN DISCUSSED IN DETAIL IN PREVIOUS SECTIONS. THESE MAY BE SUMMARIZED HERE BY MAJOR PROGRAMS:

- (1) **GENERAL ADMINISTRATION -**
- (2) **LOAN PROGRAM:**
 - (A) **MAKING, COLLECTING AND SERVICING REHABILITATION LOANS.**
 - (B) **TECHNICAL SERVICES - LOANS TO FARM TENANT FAMILIES TO PURCHASE FARMS.**
- (3) **DIRECT RELIEF:**
 - (A) **CASH GRANTS.**
 - (B) **COMMODITY GRANTS.**
 - (C) **INVESTIGATION OF APPLICATIONS, MAKING AND SERVICING GRANTS.**
- (4) **FARM AND HOME MANAGEMENT ASSISTANCE:**
- (5) **VOLUNTARY FARM DEBT ADJUSTMENT:**
- (6) **REHABILITATION PROJECT PROGRAM:**
 - (A) **MANAGEMENT, OPERATION AND MAINTENANCE.**

ADMINISTRATIVE EXPENSE, AS DISTINGUISHED FROM EXPENSES OF SERVICE ACTIVITIES, INCLUDES ALL EXPENSES AT THE SEAT OF THE GOVERNMENT AND MOST OF THE EXPENSES INCURRED IN THE REGIONAL OFFICES. THIS ITEM INCLUDES THE COST OF RECRUITING, CLASSIFYING, APPOINTING AND ADMINISTERING PERSONNEL, LEGAL AND ACCOUNTING EXPENSES, EXPENSES OF PURCHASING SUPPLIES AND MATERIALS AND ACQUIRING SPACE, AND TECHNICAL COORDINATING AND ADVISORY SERVICES INCIDENTAL TO CARRYING ON A WIDE-SPREAD AND DIVERSIFIED PROGRAM. SUCH COSTS INCLUDE SALARIES, TRAVEL, COMMUNICATIONS, SUPPLIES, SPACE AND OTHER INCIDENTAL EXPENSES. ALL EXPENSES NOT READILY AND PROPERLY ALLOCABLE TO THE DIRECT SERVICE AND PROGRAM ACTIVITIES LISTED IN THE OUTLINE ABOVE ARE CONSIDERED TO BE COSTS OF GENERAL ADMINISTRATION.

8. CAPITAL CHARGES AND CREDITS

LOANS RECEIVABLE AND PROPERTY WHICH HAVE BEEN CONVERTED INTO CASH AND INTEREST RECEIVED ON LOANS BECOME A PART OF THE GOVERNMENT'S MISCELLANEOUS RECEIPTS AND ARE RETURNED TO THE TREASURY. FOR THIS REASON, SUCH PROCEEDS DO NOT APPEAR AS ASSETS ON THE FARM SECURITY ADMINISTRATION'S FINANCIAL STATEMENTS AND ARE NOT REFLECTED IN THE NET WORTH AS SHOWN IN STATEMENT NO. 1.

SOME ITEMS OF COST OR LOSS WHICH MIGHT PROPERLY BE CONSIDERED AS DIRECT CHARGES TO CAPITAL HAVE BEEN TREATED AS OPERATING EXPENSES IN THE FINANCIAL STATEMENTS BECAUSE SUCH LOSSES MIGHT NORMALLY BE EXPECTED IN PROGRAMS OF THE TYPE CARRIED ON BY THE FARM SECURITY ADMINISTRATION. THESE INCLUDE ESTIMATED LOSSES ON LOANS RECEIVABLE, EXPENDITURES FOR DIRECT RELIEF, COSTS OF CARRYING ON A VOLUNTARY FARM DEBT ADJUSTMENT PROGRAM, AND LOSSES ON SALES OF REHABILITATION PROJECT PROPERTIES. MOST OF THESE TYPES OF EXPENSES AND LOSSES WERE ANTICIPATED

WHEN THE PROGRAMS WERE INAUGURATED AND CAPITAL RESOURCES PROVIDED. DIRECT RELIEF AFFORDS A CLEAR EXAMPLE OF THIS TYPE OF EXPENSE. WHEN GOVERNMENT FUNDS ARE MADE AVAILABLE FOR A PROGRAM OF THIS CHARACTER, IT IS NECESSARILY WITH THE FULL REALIZATION THAT NO PART OF THE EXPENDITURES WILL BE RECOVERED. THEREFORE, IT MUST BE ASSUMED THAT SUCH EXPENDITURES WERE EXPECTED TO DEplete THE CAPITAL PROVIDED AND SUCH EXPENDITURES COULD BE CONSIDERED AS DIRECT REDUCTIONS OF SUCH CAPITAL RATHER THAN OPERATING EXPENSES. HOWEVER, IN ORDER TO PRESENT A CLEAR PICTURE OF ALL EXPENSES AND COSTS INCURRED, THE FINANCIAL STATEMENTS OF THE FARM SECURITY ADMINISTRATION SUBMITTED WITH THIS REPORT REFLECT ALL SUCH ITEMS AS OPERATING EXPENSES.

AS INDICATED IN THE FIRST PARAGRAPH OF THIS SECTION, CASH RECOVERIES FROM LOANS AND PROPERTY ARE RETURNED TO THE TREASURY. SINCE THE CONVERSION OF ASSETS INTO CASH REMOVES THEM FROM AMONG THE ASSETS SHOWN IN THE STATEMENT OF ASSETS AND LIABILITIES, SUCH COLLECTIONS AND SALES ARE NECESSARILY REFLECTED AS REDUCTIONS IN NET WORTH. SUCH SUMS AS HAVE BEEN RETURNED TO THE TREASURY MAY BE CONSIDERED AS REPAYMENTS OF CAPITAL OBTAINED FROM THAT SOURCE AND THEREFORE HAVE BEEN REFLECTED AS DIRECT REDUCTIONS OF CAPITAL IN STATEMENT NO. 1. THE ALTERNATIVE WOULD HAVE BEEN TO REFLECT ALL RECOVERIES FROM LOANS AND PROPERTY INVESTMENTS AS INCREASES IN THE DEFICIT ACCOUNT. OBVIOUSLY, SUCH TREATMENT IN THE FINANCIAL STATEMENTS WOULD BE CONFUSING.

9. FINANCING

THE FARM SECURITY ADMINISTRATION HAS NO LEGAL AUTHORITY TO BORROW FOR ANY PURPOSE. FUNDS PRODUCED BY REVENUE PRODUCING ACTIVITIES CANNOT BE RETAINED, CURRENT ACTIVITIES BEING FINANCED FROM ANNUAL APPROPRIATIONS WITH THE FOLLOWING EXCEPTION:

UNDER THE BANKHEAD-BLACK ACT ALREADY CITED, RECEIPTS DERIVED FROM THE OPERATION OF ANY REHABILITATION PROJECT ARE COVERED INTO THE TREASURY AS A SPECIAL FUND, WHICH IS AVAILABLE TO THE FARM SECURITY ADMINISTRATION FOR PAYMENTS IN LIEU OF TAXES TO STATES, POLITICAL SUBDIVISIONS OR LOCAL TAXING UNITS, AND FOR ANY OTHER EXPENDITURES FOR OPERATIONS AND MAINTENANCE (INCLUDING INSURANCE) OF SUCH PROJECTS. THE FARM SECURITY ADMINISTRATION OPERATES AS A GOVERNMENT BUREAU AND NOT AS A CORPORATION. IT ISSUES NO STOCKS OR BONDS NOR GUARANTEES OR INSURES ANY PRIVATE FUNDS. IT HAS NO AUTHORITY TO ESTABLISH SPECIAL REVOLVING FUNDS TO FINANCE FUTURE ACTIVITIES WITH THE PROCEEDS OF RECOVERIES OF PAST EXPENDITURES WITH THE MINOR EXCEPTION NOTED ABOVE. THEREFORE, ITS PROPOSED PROGRAM IS SUBJECT EACH YEAR TO SCRUTINY BY THE BUREAU OF THE BUDGET AND PERTINENT CONGRESSIONAL COMMITTEES BEFORE FUNDS CAN BE MADE AVAILABLE.

CHAPTER THREE

ACCOUNTING AND AUDITING

1. REQUIREMENTS OF LAW ON ACCOUNTING

THE FARM SECURITY ADMINISTRATION KEEPS ACCOUNTS ACCORDING TO THE ACCOUNTING SYSTEM PRESCRIBED BY THE GENERAL ACCOUNTING OFFICE UNDER AUTHORITY OF THE BUDGET AND ACCOUNTING ACT OF 1921 AS AMENDED AND IS SUBJECT TO ALL OTHER REGULATIONS OF THE GENERAL ACCOUNTING OFFICE. WITH RESPECT TO EMERGENCY FUNDS, FARM SECURITY ADMINISTRATION ACCOUNTING AND REPORTING PROCEDURES ARE ALSO GOVERNED BY TREASURY REGULATION NO. 1 AS AMENDED BY REGULATIONS NO. 2 AND 3 AND AS MODIFIED BY A LETTER FROM THE SECRETARY OF THE TREASURY TO THE SECRETARY OF AGRICULTURE DATED DECEMBER 28, 1938, ALL OF WHICH HAVE BEEN APPROVED BY THE PRESIDENT.

SINCE THE FARM SECURITY ADMINISTRATION OPERATES CHIEFLY WITH FUNDS MADE AVAILABLE BY ANNUAL APPROPRIATIONS, THE STANDARD GOVERNMENT FISCAL YEAR ENDING JUNE 30 IS APPLICABLE FOR ACCOUNTING PURPOSES.

2. ACCOUNTING POLICIES AND PROCEDURES

THE FARM SECURITY ADMINISTRATION ADHERES TO THE STANDARD GOVERNMENT ACCOUNTING SYSTEM PRESCRIBED BY THE GENERAL ACCOUNTING OFFICE AS REFERRED TO IN SECTION 1 OF THIS CHAPTER.

FROM ITS INCEPTION IN 1935 UNTIL THE FALL OF 1936, THIS ADMINISTRATION OPERATED A SYSTEM OF ACCOUNTS FOR ACTIVITIES FINANCED FROM EMERGENCY FUNDS ALLOCATED BY THE PRESIDENT OR TRANSFERRED FROM PREDECESSOR AGENCIES, INCLUDING THE DIVISION OF SUBSISTENCE HOMESTEADS OF THE DEPARTMENT OF THE INTERIOR, THE LAND POLICY SECTION OF THE AGRICULTURAL ADJUSTMENT ADMINISTRATION, AND THE LAND PROGRAM OF THE FEDERAL EMERGENCY RELIEF ADMINISTRATION. DURING THIS PERIOD SIMILAR ACCOUNTING FUNCTIONS WERE CARRIED ON BY THE TREASURY DEPARTMENT IN ACCORDANCE WITH TREASURY REGULATION NO. 1 REFERRED TO ABOVE. IN ORDER TO AVOID DUPLICATION, THE FARM SECURITY ADMINISTRATION BY ARRANGEMENT WITH THE TREASURY DEPARTMENT CEASED TO MAINTAIN COMPLETE ACCOUNTS FROM AUGUST 1936 UNTIL THE FISCAL YEAR 1938, WHEN FOR THE FIRST TIME IT RECEIVED AN APPROPRIATION OF REGULAR FUNDS UNDER THE AUTHORITY OF THE BANKHEAD-JONES FARM TENANT ACT. SINCE REGULAR FUNDS DO NOT COME WITHIN THE SCOPE OF TREASURY REGULATION NO. 1 AS AMENDED, IT WAS NECESSARY TO SET UP AN ACCOUNTING SYSTEM FOR THESE FUNDS IN ACCORDANCE WITH REGULATIONS PRESCRIBED BY THE GENERAL ACCOUNTING OFFICE UNDER AUTHORITY OF THE BUDGET AND ACCOUNTING ACT OF 1921 AS AMENDED. IN APRIL, 1939, IN ACCORDANCE WITH THE LETTER OF DECEMBER 28, 1938 FROM THE SECRETARY OF THE TREASURY TO THE SECRETARY OF AGRICULTURE (PREVIOUSLY REFERRED TO), CERTAIN DETAILED ACCOUNTING FUNCTIONS AND RECORDS IN CONNECTION WITH EMERGENCY FUNDS WERE TRANSFERRED FROM THE TREASURY DEPARTMENT TO THE FARM SECURITY ADMINISTRATION, WITH THE FORMER CONTINUING TO MAINTAIN CONTROL ACCOUNTS.

PRIOR TO THE CURRENT FISCAL YEAR, A POLICY OF APPLYING COLLECTIONS ON LOANS MADE FROM EMERGENCY FUNDS FIRST TO PRINCIPAL AND DEFERRING APPLICATION OF COLLECTIONS TO INTEREST UNTIL THE FINAL PRINCIPAL INSTALLMENT WAS RECEIVED WAS IN EFFECT. STEPS WERE TAKEN DURING THIS CURRENT FISCAL YEAR TO CONFORM TO THE MORE GENERALLY FOLLOWED PRACTICE OF APPLYING COLLECTIONS FIRST TO INTEREST DUE AND THEN TO UNPAID PRINCIPAL. AS A RESULT OF THIS CHANGE IN POLICY, THE FARM SECURITY ADMINISTRATION IS NOW ABLE TO FURNISH A QUITE SIMPLE STATEMENT OF ACCOUNT TO EACH BORROWER. AN ACCOUNT HAS BEEN ESTABLISHED FOR EACH LOAN TO COINCIDE WITH THE AMOUNT OWED AS SHOWN BY THE NOTE SIGNED BY THE BORROWER. PREVIOUSLY ACCOUNTS FOR LOANS RECEIVABLE WERE SET UP ON THE BASIS OF LOAN AGREEMENTS AND A SINGLE ACCOUNT FREQUENTLY REPRESENTED MORE THAN ONE NOTE. THE NEW METHOD MORE NEARLY CONFORMS WITH THE LEGAL RELATIONSHIP BETWEEN DEBTOR AND CREDITOR.

PERMISSION WAS OBTAINED FROM THE GENERAL ACCOUNTING OFFICE TO REVISE THE FARM SECURITY ADMINISTRATION ALLOTMENT LEDGER ACCOUNT SYSTEM TO PROVIDE, IN ADDITION TO ORDINARY CONTROLS, A COMPLETE BUDGETARY CONTROL OVER OBLIGATIONS AND EXPENDITURES TO ASSURE THE MOST EFFECTIVE USE OF FUNDS IN ACCORDANCE WITH THE PURPOSES OF CONGRESS AS SET FORTH IN THE APPROPRIATION ACTS. THIS REVISION WAS MADE EFFECTIVE ON APRIL 1, 1939.

THE REGULAR ACCOUNTING REPORTS AT PRESENT REFLECT ASSETS SUCH AS FIXED PROPERTY AND EQUIPMENT ON A BASIS OF EXPENDITURES RATHER THAN ON A BASIS OF VALUATION AS DERIVED FROM ACTUAL INVENTORY OR CURRENT VALUATION. OF COURSE, THE ADMINISTRATION DOES MAINTAIN A SEPARATE INVENTORY RECORD, BUT IT HAS NOT BEEN COORDINATED WITH THE ACCOUNTING SYSTEM. HOWEVER, SUCH COORDINATION IS DEFINITELY PLANNED IN ORDER THAT THE ACCOUNTS IN THE FUTURE MAY REFLECT CURRENT VALUATION OF FIXED PROPERTY AND EQUIPMENT. IT MAY REQUIRE A CONSIDERABLE PERIOD OF TIME BEFORE THIS REVISION IN ACCOUNTING PRACTICE CAN BECOME FULLY EFFECTIVE.

THERE ARE SEVERAL CONDITIONS PECULIAR TO THE FARM SECURITY ADMINISTRATION PROGRAM WHICH AFFECT THE ADMINISTRATION'S ACCOUNTING SET-UP, PARTICULARLY WITH RESPECT TO LOANS. ONE IS THE LARGE VOLUME OF LOANS AND OTHER ACTIVITIES, NECESSITATING THE USE OF MACHINE METHODS IN KEEPING ACCOUNTS. ANOTHER IS THE FACT THAT PROGRAM ACTIVITIES ARE CARRIED ON IN EVERY STATE OF THE UNION, HAWAII, PUERTO RICO, AND THE VIRGIN ISLANDS, NECESSITATING A DECENTRALIZED ACCOUNTING SYSTEM, WHICH IS OPERATED OUT OF THE WASHINGTON OFFICE AND ELEVEN REGIONAL OFFICES. A THIRD CONDITION IS THE VARYING TYPE OF AGRICULTURE THAT A GIVEN BORROWER IS ENGAGED IN, AND THE LOCALITY IN WHICH HE LIVES. THESE FACTORS DETERMINE AT WHAT TIME OF THE YEAR HE WILL PROBABLY HAVE CASH ON HAND WITH WHICH TO REPAY A FARM SECURITY ADMINISTRATION LOAN. THE RESULT IS RENDERING STATEMENTS OF ACCOUNT AT VARIOUS TIMES OF THE YEAR, SINCE LOAN CLIENTS ARE SO WIDELY SCATTERED AND ENGAGE IN SO MANY DIFFERENT TYPES OF AGRICULTURE.

REPORTS OF ALL FARM SECURITY ADMINISTRATION FINANCIAL ACTIVITIES ARE PUBLISHED ANNUALLY IN THE FEDERAL BUDGET. THESE REPORTS, WHICH ARE PREPARED IN ACCORDANCE WITH PROCEDURAL INSTRUCTIONS ISSUED BY THE BUREAU OF THE BUDGET, SHOW OBLIGATIONS ON A FISCAL YEAR BASIS BY OBJECTS OF EXPENDITURE AND BY PROJECTS OR FUNCTIONS. REPORTS OF ACTIVITIES FINANCED FROM EMERGENCY FUNDS ONLY ARE INCLUDED IN THE REPORT OF THE PRESIDENT TO CONGRESS ON THE STATUS OF EMERGENCY FUNDS, ISSUED ANNUALLY AS OF DECEMBER 31. AMONG OTHER THINGS, THIS REPORT SHOWS APPROPRIATIONS, OBLIGATIONS, AND EXPENDITURE ON A CHECKS-ISSUED BASIS BY OBJECTS OF EXPENDITURE AND BY PROJECTS OR FUNCTIONS. ALL OTHER REPORTS OF FARM SECURITY ADMINISTRATION FINANCIAL ACTIVITIES ARE FOR INTRA-AGENCY USE AND ARE PREPARED AND DISTRIBUTED IN ACCORDANCE WITH ADMINISTRATIVE NEEDS.

IN THE BANKHEAD-JONES FARM TENANT ACT (50 STAT. 522), THERE WAS CREATED A CORPORATE AGENCY OF AND WITHIN THE DEPARTMENT OF AGRICULTURE TO BE KNOWN AS THE "FARMERS' HOME

CORPORATION." SECTION 40 (J) OF THIS ACT PROVIDES AS FOLLOWS: "THE CORPORATION SHALL AT ALL TIMES MAINTAIN COMPLETE AND ACCURATE BOOKS OF ACCOUNT AND SHALL FILE ANNUALLY WITH THE SECRETARY (OF AGRICULTURE) A COMPLETE REPORT AS TO THE BUSINESS OF THE CORPORATION." THE SECRETARY OF AGRICULTURE WAS EMPOWERED BUT NOT REQUIRED TO DELEGATE TO THE CORPORATION THE ADMINISTRATION OF THE PROGRAMS AUTHORIZED BY THIS ACT. HOWEVER, HE HAS NOT DONE SO, BUT INSTEAD HAS DELEGATED THE FUNCTIONS PROVIDED THEREIN TO THE ADMINISTRATOR OF THE FARM SECURITY ADMINISTRATION AND TO OTHER BUREAUS WITHIN THE DEPARTMENT OF AGRICULTURE; THEREFORE, THE CORPORATION HAS ACQUIRED NO ASSETS, INCURRED NO OBLIGATIONS, AND MADE NO EXPENDITURES. THEREFORE THE PROVISIONS OF SECTION 40 (J), REFERRED TO ABOVE, ARE NOT APPLICABLE AT PRESENT.

SINCE THE FARM SECURITY ADMINISTRATION IS NOT A CORPORATE ENTITY, NO SPECIAL ACCOUNTING REPORTS ARE PREPARED FOR THE USE OF BONDHOLDERS OR STOCKHOLDERS. STATEMENTS OF ACCOUNT ARE RENDERED TO BORROWERS THREE OR FOUR TIMES A YEAR FOR THE PURPOSE OF (1) INFORMING THEM OF THE STATUS OF THEIR DEBTS AND (2) SHOWING THE AMOUNT THEN DUE AND REQUESTING PAYMENT THEREOF. ALL REGULAR FINANCIAL REPORTS DISCUSSED ABOVE REFLECT FIGURES PROVIDED BY THE ACCOUNTING SYSTEM. THE STANDARD ACCOUNTING SYSTEM PRESCRIBED BY THE GENERAL ACCOUNTING OFFICE MAKES NO PROVISION FOR VALUATION OF ASSETS OR ANTICIPATED LOSSES; THEREFORE, THE FINANCIAL STATEMENTS SUBMITTED WITH THIS REPORT HAVE BEEN ADJUSTED TO REFLECT SUCH ITEMS. THROUGH A METHOD OF ENCUMBERING FUNDS BEFORE EXPENDITURES ARE MADE, THE ACCOUNTING SYSTEM IN GENERAL PROVIDES FOR PAYMENT OF ALL LIABILITIES INCURRED AS SOON AS THEY FALL DUE.

REAL ESTATE IS APPRAISED BOTH PRIOR TO ACQUISITION AND JUST PRIOR TO SALE ON THE BASIS OF OPINIONS BY QUALIFIED APPRAISERS. CHATTELS ACQUIRED BY REPOSSESSION OR FORECLOSURE ARE APPRAISED AT THE TIME OF ACQUISITION ON THE BASIS OF THEIR EXPECTED RESALE VALUE IN THE COMMUNITY OR IN ACCORDANCE WITH LOCAL LAWS IN SECTIONS WHERE LAWS COVERING THIS SUBJECT ARE IN FORCE. DIFFERENCES BETWEEN COST VALUE, APPRAISED VALUE, AND RESALE VALUE ARE NOT REFLECTED ON THE BOOKS UNTIL THE ASSETS ARE SOLD.

FARM SECURITY ADMINISTRATION ACTIVITIES PRODUCE ONLY TWO MAJOR TYPES OF REVENUE OTHER THAN THE RECOVERY OF INVESTMENTS AND EXPENDITURES: (1) INTEREST ON LOANS AND (2) RENTALS AND PRODUCTS FROM REHABILITATION PROJECTS. THE REVENUE PRODUCING ACTIVITIES HAVE BEEN DISCUSSED IN DETAIL IN CHAPTER II. UNDER THE POLICY FOR APPLYING CASH REPAYMENTS ON LOANS WHICH EXISTED PRIOR TO THE CURRENT FISCAL YEAR (WHICH POLICY HAS BEEN PREVIOUSLY REFERRED TO), INTEREST WAS NOT ACCRUED IN ADVANCE OF COLLECTIONS. WITH THE CHANGE OF THIS POLICY, INTEREST WILL BE ACCRUED AS STATEMENTS ARE RENDERED. A SLIGHT REVISION IN THE ACCOUNTING SYSTEM WILL PROVIDE FOR THE ACCRUAL OF RENT INCOME ON A MONTHLY BASIS IN THE FUTURE.

LIABILITIES ORDINARILY INCURRED BY THE FARM SECURITY ADMINISTRATION ARE FOR DEVELOPMENT, OPERATING, AND ADMINISTRATIVE PURPOSES ONLY, SINCE THE FARM SECURITY ADMINISTRATION IS NOT A CORPORATION AND HENCE IS NOT FINANCED THROUGH BORROWING OR SALE OF STOCKS AND BONDS. THESE LIABILITIES ARE USUALLY DISCHARGED BY PAYMENTS MADE FROM THE TREASURY FROM APPROPRIATED FUNDS MADE AVAILABLE TO THE ADMINISTRATION.

THE STANDARD GOVERNMENT ACCOUNTING SYSTEM DOES NOT PROVIDE FOR CONTINGENT LIABILITIES. SUCH LIABILITIES ARE HANDLED UNDER THE FEDERAL LAWS GOVERNING CLAIMS AGAINST THE GOVERNMENT IN ONE OF TWO WAYS:

- A. THE FARM SECURITY ADMINISTRATION REPORTS A CLAIM TO THE GENERAL ACCOUNTING OFFICE. IF THE LATTER APPROVES, IT CERTIFIES THE CLAIM TO THE TREASURY DEPARTMENT AND THE CLAIM IS PAID OUT OF A PREVIOUS APPROPRIATION WHICH FINANCED THE ACTIVITY IN CONNECTION WITH WHICH THE CLAIM AROSE. (THIS IS THE USUAL METHOD OF HANDLING CLAIMS).
- B. THE FARM SECURITY ADMINISTRATION REPORTS A CLAIM TO THE GENERAL ACCOUNTING OFFICE. IF THE LATTER APPROVES, IT REPORTS THE CLAIM TO THE TREASURY DEPARTMENT AS A "CERTIFIED CLAIM." THE TREASURY DEPARTMENT PRESENTS THE CLAIM TO CONGRESS WHICH THEN VOTES A SPECIAL APPROPRIATION TO COVER THE CLAIM, OR REJECTS IT.

THE FARM SECURITY ADMINISTRATION DOES NOT ENGAGE IN ANY ACTIVITY INVOLVING THE GUARANTEE OR INSURANCE OF LIABILITIES AND CARRIES ON NO ACTIVITIES WITH FEDERAL FUNDS REQUIRING LEGAL RESERVES FOR LIABILITIES. NOT BEING A CORPORATION, THE FARM SECURITY ADMINISTRATION HAS NO SURPLUS (IN THE ORDINARY SENSE OF THAT TERM) FOR SPECIFIC OR GENERAL PURPOSES, INCLUDING LEGAL RESERVES.

ALL FARM SECURITY ADMINISTRATION EARNINGS BELONG TO THE FEDERAL GOVERNMENT. HENCE THERE IS NO DISTRIBUTION OF EARNINGS TO INDIVIDUALS OR OTHER AGENCIES. OF THE FARM SECURITY ADMINISTRATION'S TWO MAJOR SOURCES OF REVENUE (OTHER THAN THE RECOVERY OF INVESTMENTS AND EXPENDITURES), ONE, INTEREST ON LOANS, REVERTS TO THE MISCELLANEOUS RECEIPTS ACCOUNT OF THE TREASURY; THE OTHER, PROJECT RENTALS, BECOMES AVAILABLE FOR THE PAYMENT OF OPERATING EXPENSES INCLUDING PAYMENTS IN LIEU OF TAXES AND INSURANCE OF REHABILITATION PROJECTS BY AUTHORITY OF THE BANKHEAD-BLACK ACT OF 1936 (49 STAT. 203).

SINCE THERE IS NO AUTHORITY AT LAW FOR THE FARM SECURITY ADMINISTRATION TO RELEASE THE GOVERNMENT'S CLAIM AGAINST A DEBTOR, LOANS AND OTHER RECEIVABLES ARE NOT SUBJECT TO WRITE-OFF EXCEPT IN CASES WHERE THE SECRETARY OF THE TREASURY COMPROMISES THE CLAIM (31 U.S.C. 512, 48 STAT; (1934)). INSOFAR AS FIXED PROPERTY AND EQUIPMENT ARE CONCERNED, THE FARM SECURITY ADMINISTRATION ACCOUNTING SYSTEM, AS PREVIOUSLY STATED, AT PRESENT PROVIDES ONLY FOR RECORDING EXPENDITURES FOR SUCH ITEMS RATHER THAN THEIR CURRENT VALUATION. THE DIFFERENCES BETWEEN COST AND RESALE VALUE ARE RECORDED WHEN THE ITEMS ARE SOLD OR OTHERWISE DISPOSED OF.

3. REQUIREMENTS OF LAW ON AUDITING

ALL FARM SECURITY ADMINISTRATION RECEIPTS AND EXPENDITURES ARE SUBJECT TO AUDIT BY THE GENERAL ACCOUNTING OFFICE, AFTER BEING ADMINISTRATIVELY EXAMINED FOR COMPLIANCE WITH THE COMPTROLLER GENERAL'S REGULATIONS, AND ACTS OF CONGRESS AS WELL AS THE ADMINISTRATIVE REGULATIONS PRESCRIBED BY THE SECRETARY OF AGRICULTURE AND THE ADMINISTRATOR.

CHAPTER FOUR

COLLECTIONS AND DISBURSEMENTS

1. REQUIREMENTS OF THE LAW

ALL COLLECTIONS MADE BY THE FARM SECURITY ADMINISTRATION ARE DEPOSITED INTO SPECIAL DEPOSIT ACCOUNTS OF THE DIVISION OF DISBURSEMENT OF THE UNITED STATES TREASURY. THE FUNDS COLLECTED ARE THEN TRANSFERRED TO APPROPRIATE RECEIPT OR APPROPRIATION ACCOUNTS OF THE TREASURY DEPARTMENT.

ALL DISBURSEMENTS OF THIS ADMINISTRATION ARE MADE THROUGH THE FACILITIES OF THE DIVISION OF DISBURSEMENT, TREASURY DEPARTMENT. VOUCHERS ARE EXAMINED IN THE TREASURY DEPARTMENT PRIOR TO PAYMENT.

AS WAS POINTED OUT IN CHAPTER II, THERE WAS CREATED BY THE BANKHEAD-JONES FARM TENANT ACT (50 STAT. 522) A CORPORATE AGENCY OF AND WITHIN THE DEPARTMENT OF AGRICULTURE TO BE KNOWN AS THE "FARMERS' HOME CORPORATION".

SECTION 40 (B) OF TITLE IV OF THIS ACT PROVIDES IN PART AS FOLLOWS: "THE SECRETARY (OF AGRICULTURE) SHALL HAVE POWER TO DELEGATE TO THE CORPORATION SUCH POWERS AND DUTIES CONFERRED UPON HIM UNDER TITLE I OR TITLE II, OR BOTH, AND SUCH POWERS UNDER TITLE IV AS RELATE TO THE EXERCISE OF THE POWERS AND DUTIES SO DELEGATED, AS HE DEEMS MAY BE NECESSARY TO THE EFFICIENT CARRYING OUT OF THE PURPOSES OF SUCH TITLES AND MAY BE EXECUTED BY THE CORPORATION, AND TO TRANSFER TO THE CORPORATION SUCH FUNDS AVAILABLE FOR SUCH PURPOSES AS HE DEEMS NECESSARY."

SECTION 40 (H) OF THE SAME ACT PROVIDES: "ALL MONEY OF THE CORPORATION NOT OTHERWISE EMPLOYED MAY BE DEPOSITED WITH THE TREASURER OF THE UNITED STATES OR IN ANY BANK APPROVED BY THE SECRETARY OF THE TREASURY, SUBJECT TO WITHDRAWAL BY THE CORPORATION AT ANY TIME, OR WITH THE APPROVAL OF THE SECRETARY OF THE TREASURY MAY BE INVESTED IN OBLIGATIONS OF THE UNITED STATES. SUBJECT TO THE APPROVAL OF THE SECRETARY OF THE TREASURY, THE FEDERAL RESERVE BANKS ARE HEREBY AUTHORIZED AND DIRECTED TO ACT AS DEPOSITORIES, CUSTODIANS, AND FISCAL AGENTS FOR THE CORPORATION IN THE PERFORMANCE OF ITS POWERS".

THE SECRETARY OF AGRICULTURE HAS NOT DELEGATED TO THE FARMERS' HOME CORPORATION THE POWERS REFERRED TO ABOVE. AS WAS POINTED OUT IN PREVIOUS CHAPTERS THE ADMINISTRATION OF TITLE I AND RELATED PROVISIONS OF TITLE IV HAVE BEEN DELEGATED TO THE ADMINISTRATOR OF THE FARM SECURITY ADMINISTRATION. OTHER FUNCTIONS HAVE BEEN DELEGATED TO BUREAUS AND AGENCIES WITHIN THE DEPARTMENT. THE CORPORATION OWNS NO ASSETS, HAS INCURRED NO LIABILITIES, AND HAS MADE NO EXPENDITURES OR COLLECTED ANY FUNDS. THEREFORE, THERE HAS BEEN NO OCCASION TO APPLY THE PROVISIONS OF SECTION 40 (H).

2. POLICIES AND PROCEDURES

THE FARM SECURITY ADMINISTRATION USES THE FACILITIES OF THE DIVISION OF DISBURSEMENT OF THE UNITED STATES TREASURY DEPARTMENT FOR ALL COLLECTIONS AND FOR ALL DISBURSEMENTS FROM REGULAR, EMERGENCY, AND TRUST FUNDS UNDER ITS JURISDICTION.

COLLECTIONS MADE BY THIS ADMINISTRATION CONSIST OF: (1) REPAYMENTS OF PRINCIPAL AND INTEREST ON LOANS; (2) RENTALS AND OTHER INCOME FROM THE OPERATION OF REHABILITATION PROJECTS; (3) PROCEEDS FROM THE SALE OF REHABILITATION PROJECTS; (4) SALE OF INVENTORIES AND (5) MISCELLANEOUS ITEMS.

THE ADMINISTRATION DESIGNATES ITS OWN COLLECTION OFFICIALS — COUNTY SUPERVISORS AND PROJECT MANAGERS IN THE CASE OF REPAYMENTS OF PRINCIPAL AND INTEREST ON LOANS, AND PROJECT MANAGERS IN THE CASE OF RENTALS AND OTHER INCOME FROM THE OPERATION OF RESETTLEMENT PROJECTS. ALL COLLECTION OFFICERS AND OTHER EMPLOYEES HANDLING COLLECTIONS OF \$500 OR MORE ANNUALLY ARE REQUIRED TO BE BONDED, THE AMOUNT OF THE BOND DEPENDING UPON THE ESTIMATED AMOUNT OF THE COLLECTIONS TO BE HANDLED. ABOUT 7500 EMPLOYEES WERE BONDED AS OF JUNE 30, 1939.

COLLECTIONS ARE MADE BOTH BY PERSONAL VISITS AND CORRESPONDENCE, AND A RECEIPT IS ISSUED FOR EACH PAYMENT RECEIVED. EACH RECEIPT IS ACCOUNTED FOR BY SERIAL NUMBER AND A CONTROL OVER SUCH RECEIPTS IS MAINTAINED IN THE REGIONAL OFFICE. COLLECTIONS IN CURRENCY ARE REQUIRED TO BE CONVERTED INTO MONEY ORDERS, AT LOCAL POST OFFICES AND ARE MADE PAYABLE TO THE TREASURER OF THE UNITED STATES. THE COLLECTION OFFICIAL SCHEDULES ALL COLLECTIONS TO THE APPROPRIATE UNITED STATES TREASURY DISBURSING OFFICE AND SENDS A COPY OF EACH COLLECTION SCHEDULE, SUPPORTED BY COPIES OF THE COLLECTION RECEIPTS, TO THE FARM SECURITY ADMINISTRATION REGIONAL OFFICE. THE TREASURY DISBURSING OFFICER CONFIRMS THE RECEIPT OF REMITTANCES BY SENDING A CONFIRMATION COPY OF EACH COLLECTION SCHEDULE TO THE APPROPRIATE REGIONAL OFFICE. COPIES OF COLLECTION SCHEDULES ARE ALSO SENT TO THE GENERAL ACCOUNTING OFFICE, AND THE TREASURY ACCOUNTS OFFICE.

STATEMENTS OF ACCOUNT ARE MAILED DIRECTLY TO BORROWERS OR OTHER DEBTORS THREE OR FOUR TIMES A YEAR. THESE STATEMENTS NOT ONLY SHOW THE AMOUNT OF INTEREST AND PRINCIPAL DUE AND REQUEST PAYMENT THEREOF, BUT ALSO TEND TO CONFIRM THAT PREVIOUS PAYMENTS HAVE BEEN PROPERLY DEPOSITED AND CREDITED.

LOSSES IN COLLECTIONS, OCCASIONED BY NEGLECT OR OTHER FAULT OF COLLECTION OFFICERS, ARE GENERALLY RECOVERED THROUGH PROSECUTION OF THESE OFFICERS OR FROM THEIR SURETIES. ALL INSTANCES OF SUCH LOSSES ARE REPORTED TO THE GENERAL ACCOUNTING OFFICE IN ACCORDANCE WITH ESTABLISHED REGULATIONS OF THAT AGENCY.

ALL FARM SECURITY ADMINISTRATION DISBURSEMENTS AND COLLECTION TRANSACTIONS ARE EFFECTED BY VOUCHERS OR OTHER FORMS PRESCRIBED BY THE GENERAL ACCOUNTING OFFICE. ALL DISBURSEMENT VOUCHERS ARE ADMINISTRATIVELY APPROVED AND ARE CERTIFIED BY CERTIFYING OFFICERS DESIGNATED BY THE SECRETARY OF AGRICULTURE EXCEPT CERTAIN VOUCHERS FOR MATERIALS, SUPPLIES OR SERVICES OBTAINED THROUGH THE PROCUREMENT DIVISION OF THE TREASURY DEPARTMENT.

FARM SECURITY ADMINISTRATION ACCOUNTS ARE RENDERED BY THE DIVISION OF DISBURSEMENT OF THE UNITED STATES TREASURY DEPARTMENT AND ARE ADMINISTRATIVELY EXAMINED AND APPROVED BY THE OFFICE OF BUDGET AND FINANCE OF THE DEPARTMENT OF AGRICULTURE, EXCEPT THOSE RELATING TO EXPENDITURES FROM EMERGENCY FUNDS WHICH ARE EXAMINED AND APPROVED BY THE TREASURY ACCOUNTS OFFICE.

CHAPTER FIVE

SOURCES AND USES OF FUNDS OBTAINED FROM THE TREASURY

1. SOURCES AND USES OF FUNDS

DURING THE FIRST FULL YEAR OF OPERATION, THE FISCAL YEAR 1936, THE RESETTLEMENT ADMINISTRATION (PREDECESSOR OF THE FARM SECURITY ADMINISTRATION) WAS FINANCED PRIMARILY WITH FUNDS ALLOCATED BY THE PRESIDENT FROM THE EMERGENCY RELIEF APPROPRIATION ACT OF 1935. THESE FUNDS WERE USED FOR RURAL REHABILITATION LOANS AND GRANTS, FARM DEBT ADJUSTMENT, THE COMPLETION OF SUBSISTENCE HOMESTEAD PROJECTS, LAND PURCHASE FOR RURAL RESETTLEMENT PROJECTS, LAND PURCHASE AND DEVELOPMENT OF SUBURBAN PROJECTS, ACQUISITION AND DEVELOPMENT OF SUBMARGINAL LAND, AND FOR SERVICES, ACTIVITIES AND ADMINISTRATION. THE FUNDS USED FOR DEVELOPMENT OF SUBMARGINAL LAND WERE ORIGINALLY ALLOCATED TO THE WORKS PROGRESS ADMINISTRATION BY THE PRESIDENT, BUT WERE MADE AVAILABLE TO THE RESETTLEMENT ADMINISTRATION BY WORKS PROGRESS ADMINISTRATION AUTHORIZATION DOCUMENTS. LATER, THIS PROGRAM WAS FINANCED BY DIRECT ALLOCATIONS FROM THE EMERGENCY RELIEF APPROPRIATION ACTS. ON APRIL 30, 1935, THE PRESIDENT TRANSFERRED THE LAND PROGRAM OF THE FEDERAL EMERGENCY RELIEF ADMINISTRATION, TOGETHER WITH ITS UNOBLIGATED BALANCES, TO THE RESETTLEMENT ADMINISTRATION BY EXECUTIVE ORDER 7028. THESE FUNDS, THE MAJOR PORTION OF WHICH REMAINED AVAILABLE FOR OBLIGATION UNTIL JUNE 30, 1937, WERE USED FOR THE PURCHASE AND DEVELOPMENT OF SUBMARGINAL LAND IN FURTHERANCE OF THE PROGRAM INITIATED BY THE FEDERAL EMERGENCY RELIEF ADMINISTRATION.

ON MAY 15, 1935, THE DIVISION OF SUBSISTENCE HOMESTEADS OF THE DEPARTMENT OF THE INTERIOR AND THE UNOBLIGATED BALANCE OF FUNDS AVAILABLE TO THAT AGENCY, WERE TRANSFERRED BY EXECUTIVE ORDER NO. 7041, TO THE RESETTLEMENT ADMINISTRATION. THESE FUNDS WERE USED TO COMPLETE LAND PURCHASE AND DEVELOPMENT OF SUBSISTENCE HOMESTEADS PROJECTS.

DURING THE FISCAL YEAR 1937 THE RESETTLEMENT ADMINISTRATION OPERATED PRIMARILY WITH FUNDS ALLOCATED BY THE PRESIDENT FROM THE EMERGENCY RELIEF APPROPRIATION ACT OF 1936 AND WITH FUNDS MADE AVAILABLE FROM THE EMERGENCY RELIEF APPROPRIATION ACT OF 1935 WHICH WERE UNOBLIGATED AS OF JUNE 30, 1936 OR WHICH WERE ALLOCATED SUBSEQUENT TO THAT DATE. THESE FUNDS WERE USED FOR RURAL REHABILITATION LOANS AND GRANTS, FARM DEBT ADJUSTMENT, COMPLETION OF SUBSISTENCE HOMESTEADS PROJECTS, DEVELOPMENT OF RURAL RESETTLEMENT AND SUBURBAN PROJECTS, DEVELOPMENT OF SUBMARGINAL LAND, AND FOR SERVICE ACTIVITIES AND ADMINISTRATION. APPROXIMATELY \$1,476,000 OF THE FUNDS USED FOR RURAL REHABILITATION LOANS AND \$987,000 OF THE FUNDS USED FOR RURAL REHABILITATION GRANTS WERE MADE AVAILABLE FROM FUNDS ALLOCATED TO THE WORKS PROGRESS ADMINISTRATION.

ON JUNE 29, 1936, CONGRESS PASSED THE BANKHEAD-BLACK ACT (49 STAT. 203), PROVIDING THAT RECEIPTS DERIVED FROM THE OPERATION OF ANY RESETTLEMENT OR ANY RURAL REHABILITATION PROJECT FOR RESETTLEMENT PURPOSES SHALL BE COVERED INTO THE UNITED STATES TREASURY AND CONSTITUTE A SPECIAL TRUST FUND, WHICH SHALL BE AVAILABLE TO THE RESETTLEMENT ADMINISTRATION FOR PAYMENTS IN LIEU OF TAXES AND FOR ANY OTHER EXPENDITURES FOR OPERATION AND MAINTENANCE, INCLUDING INSURANCE, OF SUCH PROJECTS. THIS FUND HAS BEEN USED FOR THE PURPOSES INDICATED BEGINNING WITH THE FISCAL YEAR 1937.

AFTER THE PASSAGE OF THE BANKHEAD-JONES FARM TENANT ACT (50 STAT. 522) ON JUNE 22, 1937 AND UNDER ITS AUTHORITY, FUNDS WERE APPROPRIATED TO THE SECRETARY OF AGRICULTURE TO CARRY OUT THE FARM TENANCY PROVISIONS OF TITLE I OF THIS ACT DURING THE FISCAL YEAR 1938. SECTION 6 OF TITLE I PROVIDES, IN PART, AS FOLLOWS:

"NOT MORE THAN 5 PER CENTUM OF THE SUMS APPROPRIATED FOR ANY FISCAL YEAR IN PURSUANCE OF THIS SECTION SHALL BE AVAILABLE FOR ADMINISTRATIVE EXPENSES IN CARRYING OUT THIS TITLE DURING SUCH FISCAL YEAR."

THE SECRETARY OF AGRICULTURE ALLOTTED FUNDS FROM THIS APPROPRIATION TO THE RESETTLEMENT ADMINISTRATION (WHICH BECAME THE FARM SECURITY ADMINISTRATION ON SEPTEMBER 1, 1937 BY SECRETARY'S MEMORANDUM NO. 733).

FOR OTHER OPERATIONS DURING THE FISCAL YEAR 1938, THE FARM SECURITY ADMINISTRATION RECEIVED PRESIDENTIAL ALLOCATIONS FROM THE EMERGENCY RELIEF APPROPRIATION ACT OF 1937 FOR THE FOLLOWING PURPOSES: RURAL REHABILITATION LOANS AND GRANTS, FARM DEBT ADJUSTMENT, COMPLETION OF RURAL RESETTLEMENT AND SUBURBAN PROJECTS, FURTHER DEVELOPMENT OF SUBMARGINAL LAND, AND FOR SERVICES, ACTIVITIES AND ADMINISTRATION. ON SEPTEMBER 1, 1937, ADMINISTRATIVE JURISDICTION OF THE SUBMARGINAL LAND PROGRAM WAS TRANSFERRED TO THE BUREAU OF AGRICULTURAL ECONOMICS AND SUBSEQUENTLY TO THE SOIL CONSERVATION SERVICE ON NOVEMBER 1, 1938. HOWEVER, BY SPECIAL ARRANGEMENT THE FUNDS MADE AVAILABLE FOR THIS PROGRAM THROUGH JUNE 30, 1938 REMAINED IN THE NAME OF THE FARM SECURITY ADMINISTRATION, AND THE LATTER AGENCY WAS DESIGNATED TO CONTINUE THE ACCOUNTING FUNCTIONS NECESSARY IN CONNECTION WITH THESE FUNDS. THIS ARRANGEMENT DID NOT APPLY TO FUNDS OTHER THAN THOSE PREVIOUSLY MADE AVAILABLE TO THE FARM SECURITY ADMINISTRATION FROM EMERGENCY RELIEF APPROPRIATION ACTS.

FUNDS FROM THE DEPARTMENT OF AGRICULTURE APPROPRIATION ACT, 1939 WERE ALLOTTED TO THE FARM SECURITY ADMINISTRATION BY THE SECRETARY OF AGRICULTURE TO CARRY OUT (1) THE FARM TENANCY PROVISIONS OF TITLE I OF THE BANKHEAD-JONES FARM TENANT ACT AND (2) LIQUIDATION AND MANAGEMENT OF RESETTLEMENT PROJECTS, PURSUANT TO TITLE IV OF THE SAME ACT. DURING THE SAME FISCAL PERIOD, FUNDS APPROPRIATED TO THE SECRETARY OF AGRICULTURE UNDER THE EMERGENCY RELIEF APPROPRIATION ACT OF 1938 WERE ALLOTTED BY THE SECRETARY TO THE FARM SECURITY ADMINISTRATION FOR THE FOLLOWING PURPOSES: RURAL REHABILITATION LOANS AND GRANTS, FARM DEBT ADJUSTMENT, WATER FACILITIES LOANS AND GRANTS, RESETTLEMENT PROJECTS, MIGRATORY LABOR CAMPS, AND FOR SERVICE ACTIVITIES AND ADMINISTRATION.

LIMITATIONS AND RESTRICTIONS ON THE ABOVE MENTIONED USES OF FARM SECURITY ADMINISTRATION FUNDS ARE IMPOSED IN THE FIRST INSTANCE BY ACTS OF CONGRESS. THE MOST IMPORTANT OF THESE CURRENT LIMITATIONS ARE FOUND IN THE BANKHEAD-JONES FARM TENANT ACT (50 STAT. 522), THE BANKHEAD-BLACK ACT (49 STAT. 203), AND THE EMERGENCY RELIEF APPROPRIATION ACT OF 1939 (PUB. RES. #24, 76 CONG. FIRST SESSION). IN THE CASE OF EMERGENCY FUNDS MADE AVAILABLE PRIOR TO THE FISCAL YEAR 1939, FURTHER LIMITATIONS WERE IMPOSED BY PRESIDENTIAL LETTERS OF ALLOCATION OR BY WORKS PROGRESS ADMINISTRATION AUTHORIZATION DOCUMENTS. WITHIN THESE LEGAL LIMITATIONS, FURTHER POLICY LIMITATIONS ARE PRESCRIBED BY THE SECRETARY OF AGRICULTURE. DETAILED RESTRICTIONS ARE IMPOSED BY THE ADMINISTRATOR OF THE FARM SECURITY ADMINISTRATION.

A SUMMARY OF ALL FUNDS RECEIVED BY THE FARM SECURITY ADMINISTRATION AND ITS PREDECESSOR, THE RESETTLEMENT ADMINISTRATION AS OF JUNE 30, 1939 IS SHOWN IN THE TABLE BELOW. WHERE ORIGINAL ALLOCATIONS OR ALLOTMENTS HAVE BEEN REDUCED BY REVISIONS, THE AMOUNT SHOWN IS NET OF SUCH REDUCTIONS.

<u>APPROPRIATION ACT</u>	<u>AMOUNT RECEIVED</u>
"NATIONAL INDUSTRIAL RECOVERY ACT"	\$ 24,056,265.14
"EMERGENCY RELIEF APPROPRIATION ACT OF 1935"	244,914,575.03
"EMERGENCY RELIEF APPROPRIATION ACT OF 1936"	178,695,000.00
"EMERGENCY RELIEF APPROPRIATION ACT OF 1937"	136,882,390.00
"EMERGENCY RELIEF APPROPRIATION ACT OF 1938"	181,055,484.00
"THIRD DEFICIENCY APPROPRIATION ACT, FISCAL YEAR 1937"	9,383,889.71
"DEPARTMENT OF AGRICULTURE APPROPRIATION ACT, 1939"	27,471,575.00
MISCELLANEOUS FUNDS	<u>265,018.49</u>
 TOTAL RECEIVED FROM THE GENERAL FUNDS OF THE TREASURY	 802,724,197.37
ADD: TRUST FUND APPROPRIATIONS	<u>2,406,320.53</u>
	<u>\$805,130,517.90</u>

OF THE AMOUNT SHOWN IN THE ABOVE TABLE, CERTAIN SUMS WERE MADE AVAILABLE TO OTHER AGENCIES AS SHOWN IN THE TABLE BELOW:

DEPARTMENT OF INTERIOR, OFFICE OF INDIAN AFFAIRS	\$ 2,892,500.00
DEPARTMENT OF INTERIOR, VIRGIN ISLANDS	311,404.00
NATIONAL EMERGENCY COUNCIL	35,000.00
PUERTO RICO RECONSTRUCTION CORPORATION	<u>853,000.00</u>
	<u>\$ 4,091,904.00</u>

IN ADDITION THE FOLLOWING SUMS WERE EXPENDED BY THE FARM SECURITY ADMINISTRATION FOR OTHER AGENCIES:

DEPARTMENT OF AGRICULTURE, BIOLOGICAL SURVEY	\$ 4,515,442.16
DEPARTMENT OF AGRICULTURE, BUREAU OF AGRICULTURAL ECONOMICS	4,024.16
DEPARTMENT OF AGRICULTURE, OFFICE OF THE SOLICITOR	684,876.01
DEPARTMENT OF AGRICULTURE, SOIL CONSERVATION SERVICE	23,903,597.30
DEPARTMENT OF COMMERCE, BUREAU OF CENSUS	18,989.68
DEPARTMENT OF INTERIOR, NATIONAL PARKS SERVICE	3,647,114.99
DEPARTMENT OF INTERIOR, OFFICE OF INDIAN AFFAIRS	337,535.66
DEPARTMENT OF JUSTICE	<u>29,994.46</u>
	<u>\$ 33,141,574.42</u>

AFTER DEDUCTING THE AMOUNTS MADE AVAILABLE TO OTHER AGENCIES AND THE SUMS EXPENDED FOR OTHER AGENCIES AS SHOWN ABOVE, THE NET FUNDS AVAILABLE TO THE FARM SECURITY ADMINISTRATION TOTALLED \$767,897,039.46. INCLUDED IN THIS TOTAL IS \$2,406,320.55 RECEIVED EITHER AS TRUST FUND INCOME OR TRUST FUND OBLIGATIONS. THEREFORE, THE NET FUNDS MADE AVAILABLE FROM THE GENERAL FUNDS OF THE TREASURY AMOUNTED TO \$765,490,718.95. OF THIS AMOUNT, \$26,193,609.38 REMAINED UNEXPENDED ON JUNE 30, 1939. THEREFORE, THE NET TOTAL OF FUNDS RECEIVED AND EXPENDED FROM THE TREASURY AMOUNTED TO \$739,297,109.57. THIS REPRESENTS THE TOTAL CAPITAL CONTRIBUTIONS IN CASH FROM THE TREASURY AS SHOWN IN THE ANALYSES OF CAPITAL IN CHAPTER VII.

2. FUNDS RETURNED TO TREASURY AS MISCELLANEOUS RECEIPTS

WITH THE EXCEPTION OF RECEIPTS DERIVED FROM THE OPERATION OF RESETTLEMENT PROJECTS UNDER THE PROVISIONS OF THE BANKHEAD-BLACK ACT AND DEPOSITS IN TRUST IN CONNECTION WITH PROJECT OCCUPANCY AGREEMENTS, ALL FUNDS COLLECTED BY THE FARM SECURITY ADMINISTRATION, INCLUDING COLLECTIONS ON RURAL REHABILITATION AND FARM TENANCY LOANS, SALES OF REPOSSESSED CHATTELS AND SALES OF FIXED PROPERTY ARE RETURNED TO THE TREASURY AS MISCELLANEOUS RECEIPTS.

CHAPTER SIX

INTER-AGENCY RELATIONSHIPS

THE FARM SECURITY ADMINISTRATION AND ITS PREDECESSOR, THE RESETTLEMENT ADMINISTRATION, HAS NEVER HAD A CORPORATE EXISTENCE. AS AN INDEPENDENT AGENCY AND LATER AS A BUREAU WITHIN THE DEPARTMENT OF AGRICULTURE, ITS POLICIES AND ACTIVITIES HAVE BEEN UNDER THE DIRECT AND EXCLUSIVE SUPERVISION OF GOVERNMENT OFFICIALS. IT IS DEPENDENT UPON THE CONGRESS FOR ANNUAL APPROPRIATIONS WITH WHICH TO CARRY ON ITS PROGRAM AND RECEIVES NO FUNDS BY ISSUING STOCK OR BONDS OR BY INSURING OR GUARANTEEING NOTES, MORTGAGES OR OTHER OBLIGATIONS.

NO FUNDS FOR MAJOR OPERATING PURPOSES HAVE EVER BEEN DIRECTLY APPROPRIATED TO THE FARM SECURITY ADMINISTRATION OR ITS PREDECESSOR. IN THE EARLIER EMERGENCY RELIEF APPROPRIATION ACTS THE FUNDS WERE APPROPRIATED TO THE PRESIDENT. IN THE EMERGENCY RELIEF APPROPRIATION ACTS OF 1938 AND 1939, AND IN THE ANNUAL DEPARTMENT OF AGRICULTURE APPROPRIATION ACTS PROVIDING FUNDS TO CARRY OUT THE PURPOSES OF THE BANKHEAD-JONES FARM TENANT ACT (50 STAT. 522) APPROPRIATIONS HAVE BEEN MADE TO THE SECRETARY OF AGRICULTURE. THEREFORE, ALL FUNDS RECEIVED BY THE FARM SECURITY ADMINISTRATION HAVE BEEN BY ALLOCATION OR ALLOTMENT. THIS AGENCY HAS NO EXISTENCE SEPARATE FROM THE UNITED STATES GOVERNMENT, WHICH OWNS ALL OF THE TANGIBLE AND INTANGIBLE PROPERTY ACQUIRED BY THE FARM SECURITY ADMINISTRATION.

UNDER THIS TYPE OF ORGANIZATION, THE FARM SECURITY HAS NO INTER-AGENCY RELATIONSHIPS OF A FINANCIAL CHARACTER. ITS INTER-AGENCY RELATIONSHIPS CONSIST MERELY OF COOPERATION AND COORDINATION WITH THE OTHER BUREAUS AND AGENCIES WITHIN AND OUTSIDE OF THE DEPARTMENT OF AGRICULTURE.

THE STATE RURAL REHABILITATION CORPORATIONS WHICH HAD INAUGURATED RURAL RELIEF PROGRAMS FINANCED WITH FEDERAL FUNDS PRIOR TO THE CREATION OF THE RESETTLEMENT ADMINISTRATION HAVE TURNED THE MANAGEMENT OF THEIR REMAINING ASSETS OVER TO THE DEPARTMENT OF AGRICULTURE. HOWEVER, THIS TYPE OF ARRANGEMENT HAS CREATED NO INTER-AGENCY RELATIONSHIPS INVOLVING ANY PURCHASE, EXCHANGE OR ISSUANCE OF BONDS, NOTES OR OTHER CAPITAL CREATING SECURITIES. A FEW OF THESE CORPORATIONS HAD NEVER BECOME ACTIVE AND THEREFORE HAD NO ASSETS TO BE ADMINISTERED. IN ALL OTHER CASES, THE DEPARTMENT OF AGRICULTURE THROUGH THE FARM SECURITY ADMINISTRATION ACTS IN THE CAPACITY OF A MANAGER OR TRUSTEE IN ORDER THE BETTER TO COORDINATE THE RURAL REHABILITATION PROGRAM OF THE FEDERAL GOVERNMENT WITH FORMER EFFORTS OF THIS TYPE UNDER THE FEDERAL EMERGENCY RELIEF ADMINISTRATION.

CHAPTER SEVEN

FINANCIAL OPERATIONS

THE RESETTLEMENT ADMINISTRATION, PREDECESSOR OF THE FARM SECURITY ADMINISTRATION, WAS CREATED PRIMARILY TO CARRY ON CERTAIN RELATED PHASES OF THE GOVERNMENT'S RELIEF PROGRAM. THE ACTIVITIES UNDERTAKEN WERE NOT ENTIRELY NEW, MOST OF THEM HAVING BEEN INAUGURATED IN OTHER AGENCIES. THESE ACTIVITIES INCLUDED A RURAL REHABILITATION LOAN PROGRAM, DIRECT RELIEF IN RURAL AREAS, A VOLUNTARY FARM DEBT ADJUSTMENT PROGRAM, A LAND USE PROJECT PROGRAM AND A REHABILITATION PROJECT PROGRAM. ALL OF THESE PROGRAMS HAD RELATED OBJECTIVES. TAKEN TOGETHER, THEY WERE AIMED NOT ONLY AT TEMPORARILY RELIEVING DISTRESS IN RURAL AREAS BUT IN PROMOTING AND DEMONSTRATING METHODS OF MORE PERMANENTLY ASSISTING LOW-INCOME AND DISTRESSED FARM FAMILIES IN ASSISTING THEMSELVES. THE CIRCUMSTANCES LEADING UP TO, AND THE AUTHORITY FOR THE CREATION OF THE RESETTLEMENT ADMINISTRATION AND ITS SUCCESSOR HAVE BEEN DESCRIBED IN DETAIL IN CHAPTER I.

WITH A HISTORICAL BACKGROUND SUCH AS THIS, IT WAS NOT CONTEMPLATED THAT THE ORGANIZATION WOULD BE A PROFIT MAKING ENTERPRISE. MUCH OF THE ANTICIPATED BENEFITS WOULD NECESSARILY HAVE TO BE MEASURED IN HUMAN RATHER THAN MONETARY VALUES. IT WAS OBVIOUS FROM THE BEGINNING THAT EXPENDITURES FOR SUCH ACTIVITIES AS DIRECT RELIEF AND VOLUNTARY FARM DEBT ADJUSTMENT WOULD PRODUCE NO REVENUE FOR THE TREASURY. THE BENEFITS WOULD BE IN THE FORM OF ALLEVIATING AND PREVENTING DISTRESS AND SUFFERING FROM HUNGER, COLD AND DISEASE, AND IN ENABLING DEBT BURDENED FARMERS TO GET A NEW START. IN A LESSER DEGREE ALL OTHER ACTIVITIES WERE EXPECTED TO INVOLVE SOME COST TO THE GOVERNMENT. IN ADDITION TO THE PERMANENT VALUES RECEIVED IN ACQUIRING SUBMARGINAL LANDS AND CONVERTING THEM INTO RECREATIONAL AREAS, FORESTS, WILD LIFE REFUGES AND GRAZING RANGES, THESE LAND USE PROJECTS PROVIDED WORK AND WAGES FOR THOUSANDS OF PERSONS AT A TIME WHEN SUCH EMPLOYMENT WAS MOST SORELY NEEDED. THE CONSTRUCTION AND DEVELOPMENT OF REHABILITATION PROJECTS PROVIDED WORK FOR ADDITIONAL THOUSANDS OF PERSONS WHO OTHERWISE WOULD HAVE BEEN THROWN ON RELIEF ROLLS. THE MATERIALS AND EQUIPMENT CONSUMED IN THIS WORK INDIRECTLY CONTRIBUTED TO THE STIMULATION OF INDUSTRY AND COMMERCE. THE REHABILITATION LOAN PROGRAM ASSISTED IN RECONSTRUCTING A SATISFACTORY LIFE ON THE LAND FOR DISTRESSED RURAL FAMILIES AND TENDED TO PREVENT THEIR MIGRATION TO CITIES TO SWELL THE ALREADY CROWDED RELIEF ROLLS. IN ADDITION THERE WAS A REASONABLE EXPECTANCY THAT A SUBSTANTIAL PART OF THE FUNDS ADVANCED WOULD BE REPAYED THUS MAKING THIS ONE OF THE LOWEST COST FORMS OF RURAL RELIEF.

1. EARNINGS

STATEMENT NO. 3, REVENUES AND EXPENDITURES, SHOULD BE EXAMINED WITH THE NATURE AND OBJECTIVES OF THE FARM SECURITY ADMINISTRATION'S PROGRAM IN MIND. A TOTAL OF ALMOST \$22,000,000 HAS BEEN EARNED AS INTEREST IN THE FOUR YEARS DURING WHICH THE LOAN PROGRAMS HAVE OPERATED. THESE EARNINGS WILL MATERIALLY CONTRIBUTE TOWARD COVERING THE COSTS OF OPERATING THIS PROGRAM FOR PROVIDING CREDIT TO LOW-INCOME FARMERS FOR REHABILITATION PURPOSES AND FOR PURCHASING FARMS OF THEIR OWN.

ALTHOUGH SOME OF THE REHABILITATION PROJECTS HAD NOT YET BEEN COMPLETED AS OF JUNE 30, 1939 AND MANY OTHERS HAD ONLY RECENTLY BEEN FULLY OCCUPIED, ABOUT \$3,000,000 IN RENTALS AND OTHER REVENUES HAD BEEN EARNED. IT IS ANTICIPATED THAT EVENTUALLY THESE PROPERTIES WILL APPROACH A STATUS OF SELF-SUFFICIENCY FROM THE REVENUES PRODUCED OR WILL BE DISPOSED OF UNDER ARRANGEMENTS WHICH WILL REDUCE THE AMOUNT OF ASSISTANCE NEEDED FROM THE GOVERNMENT.

2. EXPENSES

COSTS OF GENERAL ADMINISTRATION HAVE BEEN REDUCED DURING THE PAST TWO YEARS IN SUBSTANTIAL AMOUNTS. PART OF THIS REDUCTION MAY BE ATTRIBUTED TO THE TRANSFER OF THE LAND USE PROGRAM TO OTHER AGENCIES AND BUREAUS BUT THE REDUCTION CHIEFLY REPRESENTS ECONOMIES RESULTING FROM IMPROVEMENTS IN METHODS AND ORGANIZATION. DURING THE FIRST TWO YEARS, EXPENSES OF THIS CHARACTER WERE HIGHER BECAUSE OF THE NECESSITY OF ESTABLISHING A LARGE ORGANIZATION IN A SHORT PERIOD OF TIME TO COPE WITH AN EMERGENCY SITUATION.

THE EXPENSES OF SERVICING THE LOAN PROGRAMS, THE MAJOR PART OF WHICH ARE INCURRED IN LOCAL COUNTY AND DISTRICT OFFICES, HAVE APPROXIMATED THE INTEREST EARNED OVER A PERIOD OF FOUR YEARS. THESE SERVICES INCLUDE THE MAKING AND COLLECTING OF LOANS. SINCE THIS EXPENSE HAS TENDED TO REMAIN RELATIVELY STABLE ALTHOUGH THE NUMBER OF OUTSTANDING LOANS HAS INCREASED EACH YEAR, THE ANNUAL INTEREST EARNINGS IN THE LATER YEARS FAR EXCEEDS THIS ITEM OF EXPENSE. IT APPEARS LIKELY THAT THE INTEREST EARNED IN THE NEXT SEVERAL YEARS WILL NOT ONLY COMPENSATE FOR THESE EXPENDITURES BUT MAY NORMALLY BE EXPECTED TO COVER A SUBSTANTIAL PART OF OTHER SERVICE EXPENSES.

AS INDICATED EARLIER IN THIS CHAPTER, EXPENDITURES FOR DIRECT RELIEF ARE NEITHER REVENUE PRODUCING NOR RECOVERABLE. THIS TYPE OF EXPENSE IS PARTICULARLY DIFFICULT TO PREDICT AND CONTROL BECAUSE THE NEED IS DETERMINED LARGELY BY NATURAL CATASTROPHES SUCH AS DROUGHTS, FLOODS AND CROP FAILURES. EXPERIENCE HAS SHOWN THAT AREAS SOMEWHERE IN THE COUNTRY ARE THUS STRICKEN EACH YEAR. HOWEVER, THE FARM SECURITY ADMINISTRATION HAS TRIED TO GRADUATE DIRECT RELIEF CLIENTS TO A REHABILITATION LOAN STATUS IN AS MANY CASES AND AS RAPIDLY AS POSSIBLE.

FARM AND HOME MANAGEMENT ASSISTANCE GIVEN TO LOW-INCOME FARM FAMILIES IS AN INTEGRAL PHASE OF THE RURAL REHABILITATION PROCESS. WHILE DEVELOPED PRIMARILY AS AN ADJUNCT OF THE REHABILITATION LOAN PROGRAM, THIS TYPE OF SERVICE IS RENDERED TO DIRECT RELIEF CLIENTS AND OCCUPANTS OF REHABILITATION PROJECTS AS WELL AS TO THOSE WHO HAVE RECEIVED LOANS. THE NATURE OF THIS ACTIVITY HAS BEEN DISCUSSED IN CHAPTERS I AND II. ALTHOUGH THIS ACTIVITY PRODUCES NO REVENUE DIRECTLY, THE SUBSTANTIAL RECOVERIES ALREADY MADE ON LOANS AND THE EXCELLENT PROSPECTS FOR ADDITIONAL RECOVERIES MAY BE ATTRIBUTED IN A LARGE PART TO THIS PROGRAM. IN ADDITION, THIS TYPE OF ASSISTANCE HAS BEEN A MATERIAL FACTOR IN KEEPING DOWN EXPENDITURES FOR DIRECT RELIEF. THE AVERAGE GRANT HAS BEEN ABOUT \$20.00 PER MONTH AND WITHOUT PROPER SUPERVISION AND ASSISTANCE AT THE CLIENT'S FARM AND HOME, THESE GRANTS UNDOUBTEDLY WOULD HAVE BEEN LARGER. IN MANY INSTANCES THE ASSISTANCE, INFORMATION AND GUIDANCE RECEIVED BY LOW-INCOME FARM FAMILIES HAS BEEN OF GREATER IMPORTANCE IN EFFECTING REHABILITATION THAN THE PROCEEDS OF A LOAN OR GRANT.

AS HAS BEEN POINTED OUT EARLIER IN THIS CHAPTER, THE VOLUNTARY FARM DEBT ADJUSTMENT PROGRAM IS A FREE SERVICE THE EFFECTS OF WHICH CANNOT BE MEASURED IN ANY FORM OF REVENUE. ALTHOUGH A RELATIVELY SMALL AMOUNT IS EXPENDED ANNUALLY ON THIS PROGRAM, TO JUNE 30, 1939 DEBTS OF FARMERS AND ASSOCIATIONS OF FARMERS HAD BEEN REDUCED BY MORE THAN \$90,000,000. THIS DOES NOT TAKE INTO ACCOUNT REDUCTIONS IN INTEREST RATES, TIME EXTENSION REFINANCING AND OTHER BENEFICIAL FORMS OF DEBT ADJUSTMENTS WHICH HAVE BEEN NEGOTIATED ON A VOLUNTARY BASIS. CONSIDERING ONLY ACTUAL DEBT REDUCTIONS, FOR EACH 7.4 CENTS SPENT BY THE GOVERNMENT, A DOLLAR IN DEBT HAS BEEN WIPED OUT.

THE ANNUAL COST OF MANAGING, OPERATING AND MAINTAINING RURAL REHABILITATION PROJECTS PROBABLY REACHED ITS PEAK DURING THE LAST FISCAL YEAR. AS REPORTED UNDER THE SECTION ON EARNINGS ABOVE, THE GRADUAL INCREASE IN REVENUES WITH A PROBABLE GRADUAL DECREASE IN OPERATING COSTS, WILL TEND TO BRING THIS PROGRAM TO A SELF-SUSTAINING BASIS. SOME OF THE PROJECTS ALREADY PRODUCE SUFFICIENT REVENUE TO COVER ALL MANAGEMENT, MAINTENANCE AND OPERATING COSTS INCLUDING PAYMENTS IN LIEU OF TAXES AND INSURANCE. A FEW OF THE PROJECTS WHICH WERE ORIGINALLY DESIGNED FOR PART-TIME FARMING BY OCCUPANTS WHO WOULD ALSO HAVE PART-TIME INDUSTRIAL EMPLOYMENT, ARE LARGELY RESPONSIBLE FOR THE DISCREPANCY BETWEEN TOTAL PROJECT EXPENSES AND TOTAL PROJECT REVENUES. THESE PROJECTS WERE LOCATED IN STRANDED INDUSTRIAL COMMUNITIES AND THE PROBLEM OF PROVIDING SUFFICIENT PART-TIME EMPLOYMENT HAS BEEN DIFFICULT TO SOLVE.

3. LOSSES

BECAUSE REHABILITATION LOANS ARE MADE ONLY TO LOW-INCOME FARM FAMILIES WHO CAN OBTAIN ADEQUATE CREDIT FROM NO OTHER SOURCE, IT WAS ANTICIPATED THAT SOME LOSSES WOULD OCCUR. HOWEVER, THROUGH THE FARM AND HOME MANAGEMENT ASSISTANCE PROGRAM WHICH WAS INTEGRATED WITH THE LOAN PROGRAM, THESE LOSSES APPARENTLY WILL BE REMARKABLY SMALL. ON THE BASIS OF EXPERIENCE THUS FAR, IT APPEARS THAT AT LEAST 85% OF THE PRINCIPAL SUM OF THE MONEY LOANED WILL BE repaid. NO ACTUAL LOSSES HAVE BEEN TAKEN UP ON THE BOOKS OF THE FARM SECURITY ADMINISTRATION BECAUSE THERE IS NO LEGAL AUTHORITY FOR WRITING OFF THE UNPAID BALANCE OF LOANS. HOWEVER, AS AN ADMINISTRATIVE PRACTICE, BALANCES WHICH ARE REDUCED BY REPAYMENTS TO LESS THAN \$1.00 ARE NO LONGER SERVICED BECAUSE OF THE OBVIOUSLY GREATER COST WHICH WOULD BE INCURRED IN ATTEMPTING TO EFFECT COLLECTION. THE TOTAL ESTIMATED LOSS WHICH IS ANTICIPATED ON ALL REHABILITATION LOANS AS OF JUNE 30, 1939 IS \$52,639,941. THIS ITEM IS DISCUSSED FURTHER IN THE SECTION BELOW ON LOANS.

THE PROGRAM OF MAKING LOANS TO FARM TENANT FAMILIES FOR THE PURCHASE OF FARMS HAS BEEN IN OPERATION FOR ONLY TWO YEARS. SINCE THESE ARE LONG-TERM LOANS RUNNING UP TO 40 YEARS, IT IS TOO EARLY TO ATTEMPT TO EVALUATE THE RECOVERIES WHICH MAY BE EXPECTED. HOWEVER, SUCH LOANS ARE SECURED BY FIRST MORTGAGES ON THE FARMS AND THEREFORE IT MAY BE ASSUMED THAT ANY LOSSES WILL BE SMALL. NO ESTIMATE FOR SUCH LOSSES HAS BEEN MADE FOR THIS REPORT.

FOURTEEN PROJECTS OF THE SUBSISTENCE HOMESTEAD TYPE HAD BEEN SOLD TO LOCAL ASSOCIATIONS OF OCCUPANTS. THESE WERE AMONG THE EARLIEST PROJECTS INITIATED BY PRIOR AGENCIES. SOME OF THE HEAVIEST LOSSES WHICH ARE LIKELY TO OCCUR IN DISPOSING OF PROJECTS OF THIS CHARACTER HAVE ALREADY BEEN INCURRED THROUGH THESE SALES. THESE LOSSES, REPRESENTING THE DIFFERENCE BETWEEN ALL DEVELOPMENT COSTS AND SALES PRICE AMOUNT TO ABOUT \$1,300,000. THE EXTENT OF OTHER LOSSES OF THIS TYPE CANNOT BE RELIABLY ESTIMATED AT THIS TIME.

4. NET LOSSES

STATEMENT NO. 3, REVENUES AND EXPENDITURES, SHOWS NON-RECOVERABLE ITEMS WHICH TO JUNE 30, 1939 TOTAL ABOUT \$204,000,000 AS SHOWN BY THE BOOKS OF THE FARM SECURITY ADMINISTRATION. IN ORDER MORE CLEARLY TO PRESENT THE ACTUAL CONDITIONS, THESE FIGURES HAVE BEEN ADJUSTED TO REFLECT ACCRUED EARNINGS AND EXPENSES AND ESTIMATED LOSSES ON LOANS. ON THIS ADJUSTED BASIS, TOTAL NON-RECOVERABLE ITEMS FOR SLIGHTLY MORE THAN FOUR YEARS OF OPERATIONS AMOUNT TO ABOUT \$240,000,000 OR AN AVERAGE OF ABOUT \$60,000,000 PER ANNUM. COSTS OF DIRECT RELIEF HAVE AVERAGED APPROXIMATELY \$25,000,000 PER YEAR LEAVING AN ANNUAL AVERAGE NET COST OF \$35,000,000 WHICH INCLUDES ALL ESTIMATED LOSSES ON LOANS, ADMINISTRATIVE EXPENSES, ALL SERVICE AND OPERATING ACTIVITIES AND LOSSES ON SALES OF REHABILITATION PROJECTS. TOTAL EXPENDITURES FOR THE SAME PERIOD HAVE BEEN MORE THAN \$740,000,000 OR AN AVERAGE OF ABOUT \$185,000,000 PER ANNUM. FROM THIS RECORD IT APPEARS THAT A SUBSTANTIAL PART OF THE EXPENDITURES OF THE FARM SECURITY ADMINISTRATION ARE RECOVERABLE EITHER THROUGH REPAYMENTS OF PRINCIPAL SUMS INVESTED OR THROUGH REVENUES EARNED. CONSIDERING THE FACT THAT SUBSTANTIAL EXPENDITURES FOR NON-RECOVERABLE RELIEF AND SERVICE PROGRAMS ARE INVOLVED WHICH MIGHT PROPERLY BE CONSIDERED AS DIRECT REDUCTIONS OF CAPITAL RATHER THAN OPERATING EXPENDITURES, THE TOTAL FUNDS WHICH ARE NOT RECOVERABLE ARE SMALL IN COMPARISON WITH TOTAL OUTLAYS.

5. INVESTMENTS

AN EXAMINATION OF STATEMENT NO. 1, ASSETS AND LIABILITIES, REVEALS THAT THE FARM SECURITY ADMINISTRATION IS CUSTODIAN OF ASSETS OF THE GOVERNMENT VALUED AT MORE THAN \$350,000,000 ON JUNE 30, 1939, AFTER ALLOWING FOR ESTIMATED LOSSES ON LOANS OUTSTANDING.

THE LARGEST SINGLE ITEM IS REPRESENTED BY REHABILITATION LOANS TO FARM FAMILIES OF WHICH ABOUT \$245,000,000 IN PRINCIPAL WAS OUTSTANDING. THE ORIGINAL AMOUNT LOANED WAS MORE THAN \$328,000,000 BUT THIS HAD BEEN REDUCED BY REPAYMENTS TOTALING MORE THAN \$83,000,000, WHICH WAS RETURNED TO THE TREASURY. AS OF JUNE 30, 1939 ABOUT \$46,000,000 OF THESE LOANS WERE IN TECHNICAL DEFAULT, THAT IS, INSTALLMENTS HAD MATURED BUT HAD NOT YET BEEN repaid. SINCE NO LOAN BALANCES ARE WRITTEN OFF, INCLUDED IN THIS SUM ARE ALL INSTALLMENTS IN DEFAULT FROM ALL LOANS MADE SINCE THE INCEPTION OF THE PROGRAM. ON THE BASIS OF EXPERIENCE IT IS ESTIMATED THAT AT LEAST 65% OF ALL UNMATURED LOANS OUTSTANDING WILL BE repaid AND THAT NOT LESS THAN 60% OF LOANS IN DEFAULT WILL BE repaid. THESE POSSIBLE LOSSES HAVE BEEN ANTICIPATED AND THEREFORE STATEMENT NO. 1 SHOWS A NET VALUATION OF LESS THAN \$197,000,000 WHICH REPRESENTS A REDUCTION FOR POSSIBLE LOSSES OF MORE THAN \$48,000,000.

LOANS TO COOPERATIVE ASSOCIATIONS REPRESENT A RELATIVELY SMALL PORTION OF THE TOTAL INVESTMENT IN LOANS, AMOUNTING ORIGINALLY TO ONLY \$10,950,258 OF WHICH \$10,728,773 WAS OUTSTANDING ON JUNE 30, 1939. BY COMPARISON WITH LOANS TO INDIVIDUALS, THESE LOANS ARE FEW AND COMPARATIVELY LARGE AND THE MAJORITY MATURE OVER LONGER PERIODS OF TIME UP TO 40 YEARS. THERE HAS BEEN INSUFFICIENT EXPERIENCE THUS FAR ON WHICH TO BASE RELIABLE ESTIMATES OF LOSSES IN LOANS OF THIS TYPE BUT IN ORDER TO PRESENT A CONSERVATIVE PICTURE, THESE LOANS HAVE BEEN VALUED AT 80% OF THEIR BOOK VALUE.

A STILL NEWER TYPE OF LOAN IS THE LOANS TO FARM TENANT FAMILIES FOR PURCHASE OF FARMS. THIS PROGRAM HAS BEEN LAUNCHED ONLY TWO YEARS BEFORE AND ONLY 4,494 SUCH LOANS HAD BEEN COMPLETED AS OF JUNE 30, 1939. SINCE THESE LOANS ARE FOR LONG PERIODS OF TIME, UP TO 40 YEARS, AND ARE SECURED BY FIRST MORTGAGES ON FARM PROPERTIES, NO REDUCTION HAS BEEN MADE FOR ANTICIPATED LOSSES. THERE WERE 109 SUCH LOANS IN DEFAULT BUT THESE REPRESENTED INSTALLMENTS TOTALING LESS THAN \$17,000. IN MANY CASES THESE DEFAULTS WERE TECHNICAL IN CHARACTER DUE TO OCCUPANCY ON A NEW FARM FOR A PERIOD INSUFFICIENT TO PRODUCE A NORMAL OR COMPLETE CROP DURING THE FIRST YEAR. FAR MORE BORROWERS HAD MADE PREPAYMENTS THAN WERE IN DEFAULT. TAKEN AS A WHOLE, MORE MONEY HAD BEEN repaid THAN HAD MATURED.

INCIDENTAL TO THE VARIOUS TYPES OF LOANS IS ACCRUED INTEREST RECEIVABLE. BECAUSE OF A PREVIOUS POLICY OF APPLYING REPAYMENTS FIRST TO PRINCIPAL ON REHABILITATION LOANS THE AMOUNT OF INTEREST ACCRUED TENDED TO ACCUMULATE. SINCE THIS POLICY HAS BEEN CHANGED, THE GREATER PORTION OF INTEREST ACCRUED AS SHOWN IN STATEMENT NO. 1 WILL BE REALIZED UPON THROUGH CASH COLLECTIONS DURING THE CURRENT FISCAL YEAR. THAT PORTION OF ACCRUED INTEREST APPLICABLE TO LOANS IN DEFAULT HAS BEEN VALUED AT ONLY 85% OF ITS FACE VALUE AND INTEREST ON OTHER OUTSTANDING LOANS HAS BEEN VALUED AT 95%. A HIGHER PROPORTIONATE VALUE HAS BEEN PLACED UPON ACCRUED INTEREST THAN UPON UNPAID PRINCIPAL BECAUSE THE FIRST COLLECTIONS RECEIVED WILL BE APPLIED TO INTEREST THEREBY INCREASING THE PROBABILITY OF RECOVERY OF INTEREST AS COMPARED WITH PRINCIPAL.

ON JUNE 30, 1939 THE BOOKS OF THE FARM SECURITY ADMINISTRATION SHOWED CAPITAL EXPENDITURES FOR REHABILITATION PROJECTS OF ABOUT \$104,000,000. AS A RESULT OF COST ANALYSES, THIS VALUE HAS BEEN ADJUSTED TO ABOUT \$102,000,000, THE DIFFERENCE HAVING BEEN FOUND TO REPRESENT TRANSFERS OF ASSETS TO OTHER GOVERNMENT AGENCIES, OR TO BE PROPERLY CHARGEABLE TO OPERATING EXPENSES WHICH ITEMS HAVE BEEN REFLECTED AS SUCH IN STATEMENT NO. 3, REVENUES AND EXPENDITURES. OTHER RELATIVELY SMALL ADJUSTMENTS MAY BE FOUND NECESSARY TO REFLECT CORRECTLY THE COSTS OF THESE PROPERTIES AS FINAL ANALYSES OF COSTS ARE COMPLETED DURING THE CURRENT FISCAL YEAR. THESE PROJECTS WERE NOT INITIATED AS COMMERCIAL ENTERPRISES FOR REVENUE MAKING PURPOSES, NOR WERE THEY DEVELOPED FOR RESALE AT A PROFIT. IN ADDITION TO SERVING AS EXPERIMENTAL MEANS OF DEMONSTRATING POSSIBLE METHODS OF REHABILITATING LOW-INCOME FAMILIES, THEY WERE DEVELOPED AS PART OF A PROGRAM OF PUBLIC PROJECTS TO FURNISH EMPLOYMENT, PARTICULARLY IN AREAS WHERE THE REGULAR WORKS PROGRAM WAS NOT IN A POSITION TO ESTABLISH PROJECTS. SINCE THERE WAS NOTHING IN EXISTENCE WITH WHICH SUCH UNDERTAKINGS COULD BE COMPARED, THERE IS NO SOUND BASIS FOR APPRAISAL. TAKING INTO CONSIDERATION THE VARIOUS PURPOSES SERVED BY THEIR CONSTRUCTION AND DEVELOPMENT, IT IS ASSUMED FOR THE PRESENT THAT FOR ACCOUNTING PURPOSES THEY ARE WORTH WHAT THEY COST. WHEN PROJECTS ARE DISPOSED OF IN WHOLE OR BY INDIVIDUAL UNITS, THE LOSS OR GAIN MAY BE MEASURED. IN SOME CASES, AS A RESULT OF RISES IN LAND VALUES, THERE HAS BEEN CONSIDERABLE APPRECIATION IN THE VALUE OF THE PHYSICAL PROPERTIES. ON A REPLACEMENT COST BASIS, INCREASES IN CONSTRUCTION COSTS WOULD IN SOME CASES JUSTIFY VALUATIONS IN EXCESS OF ORIGINAL COST. FOR THE PRESENT IT SEEMS BEST TO VALUE THESE PROPERTIES AT ACTUAL COST ON THE BOOKS PENDING THE DEVELOPMENT OF SOME SATISFACTORY APPRAISAL FORMULA OR AWAIT ACTUAL SALE OR DISPOSITION BEFORE ATTEMPTING TO DETERMINE ANY CAPITAL LOSSES OR GAINS. WHERE SUCH SALES HAVE ALREADY BEEN MADE AT A LOSS, THESE LOSSES ARE REFLECTED IN THIS REPORT IN STATEMENT NO. 3.

6. FINANCING

THE ACTIVITIES OF THE FARM SECURITY ADMINISTRATION ARE FINANCED, WITH THE EXCEPTION OF CERTAIN OPERATING EXPENSES OF REHABILITATION PROJECTS WHICH ARE FINANCED WITH INCOME FROM SUCH PROJECTS, FROM FUNDS APPROPRIATED FROM THE TREASURY. THIS ONE EXCEPTION HAS BEEN DISCUSSED IN DETAIL IN CHAPTER V, SOURCES AND USES OF FUNDS OBTAINED FROM TREASURY. NO FUNDS HAVE BEEN APPROPRIATED DIRECTLY TO THE FARM SECURITY ADMINISTRATION OR ITS PREDECESSOR, THE RESETTLEMENT ADMINISTRATION. ALL FUNDS RECEIVED FROM APPROPRIATIONS HAVE BEEN OBTAINED BY ALLOCATIONS OR ALLOTMENTS MADE BY THE PRESIDENT AND THE SECRETARY OF AGRICULTURE. THE LARGEST PART OF THE FUNDS HAVE BEEN RECEIVED FROM THE ANNUAL EMERGENCY RELIEF APPROPRIATION ACTS BUT SINCE THE PASSAGE OF THE BANKHEAD-JONES FARM TENANT ACT (50 STAT. 522) SOME FUNDS HAVE BEEN RECEIVED FROM REGULAR APPROPRIATIONS TO THE DEPARTMENT OF AGRICULTURE. THE SPECIFIC APPROPRIATION ACTS AND THE AMOUNTS RECEIVED UNDER EACH HAVE BEEN LISTED IN CHAPTER V.

THE FARM SECURITY ADMINISTRATION IS ORGANIZED AS A BUREAU WITHIN THE DEPARTMENT OF AGRICULTURE AND ALL OF ITS ASSETS BELONG TO THE GOVERNMENT AND ALL RECEIPTS COLLECTED, WITH THE EXCEPTION NOTED ABOVE, ARE RETURNED TO THE TREASURY. ITS ACTIVITIES ARE DEPENDENT UPON RECEIVING FUNDS FROM ANNUAL APPROPRIATIONS AS IT HAS NO LEGAL POWER TO BORROW MONEY, ISSUE BONDS, STOCKS OR SECURITIES OR TO INSURE OR GUARANTEE PRIVATE FUNDS WHICH MIGHT BE USED FOR SIMILAR ACTIVITIES.

7. DISPOSITION OF EARNINGS

ALL EARNINGS OF THE FARM SECURITY ADMINISTRATION, WITH THE EXCEPTION OF INCOME FROM REHABILITATION PROJECTS, BECOME PART OF THE GENERAL REVENUES OF THE GOVERNMENT AND WHEN REALIZED IN CASH ARE RETURNED TO THE MISCELLANEOUS RECEIPTS ACCOUNT OF THE TREASURY. THIS APPLIES ALSO TO THE PROCEEDS REALIZED FROM THE PRINCIPAL OF LOANS AND FROM REALIZATION OF REAL PROPERTY INVESTMENTS.

8. FINANCIAL CONDITION

STATEMENT NO. 1, ASSETS AND LIABILITIES, SHOWS AN ACCUMULATED DEFICIT OF SLIGHTLY LESS THAN \$240,000,000 AS OF JUNE 30, 1939, AFTER ALLOWING FOR ANTICIPATED LOSSES ON LOANS AND INTEREST RECEIVABLE AS DISCUSSED IN SECTIONS 3 AND 4 OF THIS CHAPTER. THIS DEFICIT HAS ACCUMULATED AT AN AVERAGE RATE OF ABOUT \$60,000,000 PER ANNUM FROM TOTAL EXPENDITURES AVERAGING ABOUT \$185,000,000 PER YEAR.

THIS DEFICIT IS ANALYZED IN THE TABLE BELOW ACCORDING TO THE MAJOR ITEMS CONTRIBUTING TO IT:

ESTIMATED LOSSES ON LOANS		\$ 52,639,941.69
SERVICE ACTIVITIES		68,051,249.45
DIRECT RELIEF		99,802,677.91
GENERAL ADMINISTRATION		42,795,975.36
LOSSES ON SALES OF REHABILITATION PROJECTS		1,314,262.94
OTHER ITEMS		<u>235,619.43</u>
		\$264,839,726.76
INTEREST EARNED ON LOANS	\$21,841,968.58	
INCOME FROM REHABILITATION PROJECTS	3,043,624.09	
OTHER ITEMS	<u>93,302.14</u>	\$ 24,978,894.81
TOTAL NET DEFICIT		<u>\$239,860,831.97</u>

THE NET WORTH AS ADJUSTED ON JUNE 30, 1939 AMOUNTS TO ALMOST \$352,000,000. HOWEVER, THE FARM SECURITY ADMINISTRATION CAN HAVE NO NET WORTH IN THE ORDINARY SENSE OF THAT TERM BECAUSE IT HAS NO EXISTENCE SEPARATE AND APART FROM THE GOVERNMENT. THEREFORE, THE NET WORTH AT ANY SPECIFIED TIME REPRESENTS NET VALUE OF PROPERTIES, TANGIBLE AND INTANGIBLE, IN ITS CUSTODY. AS LOANS AND FIXED PROPERTIES ARE CONVERTED INTO CASH THROUGH REPAYMENTS OR SALES, THE PROCEEDS DO NOT REMAIN WITH THE FARM SECURITY ADMINISTRATION BUT ARE RETURNED TO THE TREASURY AND BECOME PART OF THE GOVERNMENT'S GENERAL REVENUES. AS THIS OCCURS, THE SUM TOTAL OF ASSETS IN THE CUSTODY OF THE FARM SECURITY ADMINISTRATION DECREASES THUS CAUSING CORRESPONDING DECREASE IN NET WORTH. SUCH DECREASES HAVE BEEN REFLECTED IN STATEMENT NO. 1 AS DIRECT REDUCTIONS OF CAPITAL SINCE IN NO SENSE COULD IT BE ASSUMED THAT RETURNING RECOVERED FUNDS TO THE TREASURY ARE INCREASES IN THE DEFICIT. THEREFORE, THE CAPITAL ITEM AT ANY PARTICULAR TIME REPRESENTS ALL FUNDS RECEIVED FROM THE TREASURY AND EXPENDED BY THE FARM SECURITY ADMINISTRATION PLUS ALL PROPERTY TRANSFERRED FROM OTHER AGENCIES, LESS FUNDS RECOVERED THROUGH REPAYMENT AND SALES WHICH HAVE BEEN RETURNED TO THE TREASURY AND PROPERTY TRANSFERRED TO OTHER AGENCIES. THE CHANGES IN CAPITAL AND NET WORTH WHICH HAVE OCCURRED DURING THE SLIGHTLY MORE THAN FOUR YEARS COVERED BY THIS REPORT ARE DETAILED BY FISCAL YEARS IN STATEMENT NO. 1, SUPPLEMENT 1, RECONCILIATION OF CHANGES IN NET WORTH WITH STATEMENT OF REVENUES AND EXPENDITURES. CHANGES IN THE CAPITAL ACCOUNT FOR THE ENTIRE PERIOD ARE SUMMARIZED BELOW:

<u>CAPITAL INCREASES</u>		
FROM APPROPRIATED CASH		\$739,297,109.57
FROM TRANSFER OF ASSETS FROM OTHER AGENCIES		<u>5,350,232.80</u>
		\$744,647,342.37
<u>CAPITAL DECREASES</u>		
COLLECTIONS RETURNED TO TREASURY	\$86,259,745.41	
ASSETS TRANSFERRED TO OTHER AGENCIES	<u>66,554,664.83</u>	<u>\$152,814,410.24</u>
NET CAPITAL		\$591,832,932.13
LESS DEFICIT AS ANALYZED ABOVE		<u>239,860,831.97</u>
NET WORTH		\$351,972,100.16

STATEMENT OF ASSETS AND LIABILITIESAS OF JUNE 30, 1939 (ADJUSTED) (1)

	<u>AMOUNT</u>	<u>TOTAL</u>		<u>AMOUNT</u>	<u>TOTAL</u>
<u>ASSETS (2)</u>			<u>LIABILITIES AND NET WORTH</u>		
1. <u>LOANS RECEIVABLE:</u>			19. <u>LIABILITIES:</u>		
2. REHABILITATION LOANS TO FARM FAMILIES	\$196,918,225.71		20. TRUST OBLIGATIONS	\$	114,673.22
3. REHABILITATION LOANS TO COOPERATIVE ASSOCIATIONS OF FARMERS	8,501,389.28				
4. LOANS TO FARM TENANT FAMILIES FOR PURCHASE OF FARMS	<u>23,299,274.70</u>	\$228,718,889.69	21. <u>TOTAL LIABILITIES</u>	\$	<u>114,673.22</u>
5. <u>TRUST FUND CASH:</u>		1,516,616.14			
6. <u>ACCOUNTS RECEIVABLE:</u>					
7. SUBSISTENCE HOMESTEAD PROJECT SALES CONTRACTS	\$ 1,785,040.84				
8. REHABILITATION PROJECT RENTAL CONTRACTS	297,733.60				
9. MISCELLANEOUS ACCOUNTS RECEIVABLE	<u>81,636.79</u>	2,164,411.23			
10. <u>ACCRUED INTEREST RECEIVABLE FROM: (3)</u>					
11. REHABILITATION LOANS TO FARM FAMILIES	\$ 16,354,851.39		22. <u>CAPITAL AND SURPLUS:</u>		
12. REHABILITATION LOANS TO COOPERATIVE ASSOCIATIONS OF FARMERS	279,894.30		23. CAPITAL (5)		\$591,832,932.13
13. LOANS TO FARM TENANT FAMILIES FOR PURCHASE OF FARMS	252,134.03		24. LESS: DEFICIT		239,860,831.97
14. SUBSISTENCE HOMESTEAD PROJECT SALES CONTRACTS	<u>55,472.59</u>	16,942,352.31			
15. <u>INVESTMENT IN FIXED PROPERTY: (4)</u>			25. <u>NET WORTH</u>		<u>\$351,972,100.16</u>
16. REHABILITATION PROJECTS		102,305,307.25			
17. <u>INVENTORIES HELD FOR RESALE:</u>		439,196.76			
18. <u>TOTAL ASSETS</u>		<u>\$352,086,773.38</u>	26. <u>TOTAL LIABILITIES AND NET WORTH</u>		<u>\$352,086,773.38</u>

FOOTNOTES: (1) SEE STATEMENT NO. 1-39A, PAGE IV, BALANCE SHEET ADJUSTMENTS AS OF JUNE 30, 1939.

(2) COLLECTIONS HELD IN DISBURSING OFFICERS' SPECIAL DEPOSIT ACCOUNTS AS OF JUNE 30, 1939: \$2,857,908.51. THESE COLLECTIONS ARE APPLICABLE AS CREDITS TO RECEIVABLES, AND ARE THEREFORE NOT INCLUDED HEREIN AS ASSETS.

(3) INTEREST ACCRUED ON LOANS WAS NOT ENTERED ON BOOKS PRIOR TO JUNE 1, 1939.

(4) NO CONSIDERATION HAS BEEN GIVEN TO DEPRECIATION ON FIXED PROPERTY OR INVENTORY HELD FOR RESALE.

(5) CAPITAL ACCOUNT INCLUDES EXPENDED APPROPRIATED CASH PLUS ASSETS TRANSFERRED FROM OTHER AGENCIES, LESS ASSETS TRANSFERRED TO OTHER AGENCIES AND COLLECTIONS DEPOSITED TO MISCELLANEOUS RECEIPTS OF THE TREASURY.

RECONCILIATION OF CHANGES IN NET WORTH WITH STATEMENT OF REVENUES AND EXPENDITURES

FOR FISCAL YEAR 1939 (ADJUSTED)

	AMOUNT	TOTAL
1. NET WORTH BEGINNING OF YEAR (STATEMENT NO. 1)		\$273,427,840.24
2. ADDITIONS TO NET WORTH DURING YEAR:		
3. FROM APPROPRIATED CASH EXPENDED FOR:		
4. LOAN ADVANCES	\$140,266,585.71	
5. INVESTMENT IN FIXED PROPERTY - REHABILITATION PROJECTS	5,969,520.84	
6. INVENTORIES HELD FOR RESALE	294,284.01	
7. OPERATING EXPENSES	52,067,610.15	198,598,000.71
8. FROM TRANSFER OF ASSETS FROM OTHER AGENCIES:		
9. DEPARTMENT OF AGRICULTURE - SOIL CONSERVATION SERVICE		360.80
10. TOTAL ADDITIONS TO NET WORTH		\$198,598,361.51
11. NET WORTH BEGINNING OF YEAR PLUS ADDITIONS (LINE 1 PLUS LINE 10)		\$472,026,201.75
12. DEDUCTIONS FROM NET WORTH DURING YEAR:		
13. COLLECTIONS DEPOSITED IN THE TREASURY (MISCELLANEOUS RECEIPTS):		
14. LOAN REPAYMENTS	\$ 33,064,338.68	
15. INTEREST PAYMENTS ON LOANS	799,262.27	
16. PROJECT COLLECTIONS	150,067.18	
17. OTHER COLLECTIONS	138,540.72	34,152,208.85
18. TRANSFER OF ASSETS TO OTHER AGENCIES:		
19. DEPARTMENT OF AGRICULTURE - BIOLOGICAL SURVEY	\$ 40,671.40	
20. DEPARTMENT OF AGRICULTURE - BUREAU OF AGRICULTURAL ECONOMICS	46,570.98	
21. DEPARTMENT OF AGRICULTURE - EXPERIMENTAL FARM	618,060.00	
22. DEPARTMENT OF AGRICULTURE - FOREST SERVICE	35,880.00	
23. DEPARTMENT OF INTERIOR - NATIONAL PARK SERVICE	5,522.69	
24. FEDERAL EMERGENCY RELIEF ADMINISTRATION	755.21	
25. FEDERAL WORKS AGENCY - WORK PROJECTS ADMINISTRATION	14,468.46	
26. TREASURY DEPARTMENT	519.62	762,448.36
27. LOSS FROM OPERATIONS (STATEMENT NO. 3):		85,139,444.38
28. TOTAL DEDUCTIONS FROM NET WORTH		\$120,054,101.59
29. NET WORTH END OF YEAR (STATEMENT NO. 1) (LINE 11 MINUS LINE 28)		\$351,972,100.16

MEMORANDUM RELATING TO UNITED STATES INTERESTS
FOR FISCAL YEAR 1939 (ADJUSTED)

	AMOUNT	TOTAL
1. APPROPRIATIONS:		
2. NATIONAL INDUSTRIAL RECOVERY ACT	\$ 24,056,265.14	
3. EMERGENCY RELIEF APPROPRIATION ACT OF 1935	219,752,453.76	
4. EMERGENCY RELIEF APPROPRIATION ACT OF 1936	176,195,000.00	
5. EMERGENCY RELIEF APPROPRIATION ACT OF 1937	136,882,390.00	
6. EMERGENCY RELIEF APPROPRIATION ACT OF 1938	181,055,484.00	
7. THIRD DEFICIENCY APPROPRIATION ACT, FISCAL YEAR 1937	9,383,889.71	
8. DEPARTMENT OF AGRICULTURE APPROPRIATION ACT, 1939	27,471,575.00	
9. MISCELLANEOUS APPROPRIATIONS	265,018.49	\$775,062,076.10
10. ALLOCATIONS FROM OTHER AGENCIES:		
11. FEDERAL WORKS AGENCY - WORK PROJECTS ADMINISTRATION		27,662,121.27
12. ASSETS TRANSFERRED FROM OTHER AGENCIES:		
13. CIVILIAN CONSERVATION CORPS	\$ 69,295.96	
14. DEPARTMENT OF AGRICULTURE - SOIL CONSERVATION SERVICE	360.80	
15. DEPARTMENT OF INTERIOR - GEOLOGICAL SURVEY	201.23	
16. DEPARTMENT OF INTERIOR - SUBSISTENCE HOMESTEADS	5,252,609.41	
17. FEDERAL EMERGENCY RELIEF ADMINISTRATION	17,088.30	
18. FEDERAL HOUSING ADMINISTRATION	9,530.00	
19. NAVY DEPARTMENT	100.00	
20. TREASURY DEPARTMENT	650.00	
21. VETERANS' ADMINISTRATION	318.00	
22. WAR DEPARTMENT	79.10	
23. TOTALS		5,350,232.80
24. LESS: UNEXPENDED APPROPRIATIONS (1)		\$808,074,430.17
25. NET FUNDS PAID FROM TREASURY		26,193,609.38
		\$781,880,820.79
26. DEDUCT:		
27. DIRECT OBLIGATIONS TO TREASURY		
28. DIVIDENDS PAID INTO TREASURY:		
29. DEPOSITS TO MISCELLANEOUS RECEIPTS		
30. U. S. INTEREST IN NET WORTH		
31. ALLOCATIONS TO OTHER AGENCIES:		
32. DEPARTMENT OF INTERIOR - OFFICE OF INDIAN AFFAIRS	\$ 2,892,500.00	
33. DEPARTMENT OF INTERIOR - VIRGIN ISLANDS	311,404.00	
34. NATIONAL EMERGENCY COUNCIL	35,000.00	
35. PUERTO RICO RECONSTRUCTION CORPORATION	853,000.00	
		4,091,904.00
36. EXPENDITURES FOR OTHER AGENCIES		
37. DEPARTMENT OF AGRICULTURE - BIOLOGICAL SURVEY	\$ 4,515,442.16	
38. DEPARTMENT OF AGRICULTURE - BUREAU OF AGRICULTURAL ECONOMICS	4,024.16	
39. DEPARTMENT OF AGRICULTURE - OFFICE OF THE SOLICITOR	684,376.01	
40. DEPARTMENT OF AGRICULTURE - SOIL CONSERVATION SERVICE	23,903,597.30	
41. DEPARTMENT OF COMMERCE - BUREAU OF THE CENSUS	18,989.58	
42. DEPARTMENT OF INTERIOR - NATIONAL PARKS SERVICE	3,647,114.99	
43. DEPARTMENT OF INTERIOR - OFFICE OF INDIAN AFFAIRS	337,535.66	
44. DEPARTMENT OF JUSTICE	29,994.46	
		33,141,574.42
45. ASSETS TRANSFERRED TO OTHER AGENCIES:		
46. DEPARTMENT OF AGRICULTURE - BIOLOGICAL SURVEY	\$ 99,259.16	
47. DEPARTMENT OF AGRICULTURE - BUREAU OF AGRICULTURAL ECONOMICS	46,570.98	
48. DEPARTMENT OF AGRICULTURE - EXPERIMENTAL FARM	618,060.00	
49. DEPARTMENT OF AGRICULTURE - FOREST SERVICE	35,880.00	
50. DEPARTMENT OF AGRICULTURE - SOIL CONSERVATION SERVICE	59,081,743.97	
51. DEPARTMENT OF INTERIOR - NATIONAL PARKS SERVICE	3,929,840.79	
52. DEPARTMENT OF INTERIOR - OFFICE OF INDIAN AFFAIRS	2,698,104.64	
53. DEPARTMENT OF INTERIOR - VIRGIN ISLANDS	29,462.00	
54. FEDERAL EMERGENCY RELIEF ADMINISTRATION	755.21	
55. FEDERAL WORKS AGENCY - WORK PROJECTS ADMINISTRATION	14,468.46	
56. TREASURY DEPARTMENT	519.62	
		66,554,664.83
57. TOTAL DEDUCTIONS		\$542,019,988.82
58. Loss TO UNITED STATES (LINE 25 MINUS LINE 57)		\$239,860,831.97

FOOTNOTE: (1) UNPAID ENCUMBRANCES AS OF JUNE 30, 1939, AMOUNTING TO \$22,213,356.18 ARE NOT SHOWN AS LIABILITIES ON THE STATEMENT OF ASSETS AND LIABILITIES SINCE UNEXPENDED CASH BALANCES OF APPROPRIATIONS FROM WHICH PAYMENT WILL BE MADE ARE NOT LISTED AS ASSETS OF THE FARM SECURITY ADMINISTRATION.

BALANCE SHEET ADJUSTMENTS AS OF JUNE 30, 1939

	<u>BALANCE SHEET PER BOOKS</u> <u>JUNE 30, 1939</u>		<u>ADJUSTMENTS TO</u> <u>ACCRUAL BASIS</u>		<u>ADJUSTMENTS TO CURRENT</u> <u>APPRAISED VALUATIONS</u>		<u>ADJUSTED AMOUNTS</u> <u>JUNE 30, 1939</u>	
	<u>AMOUNT</u>	<u>TOTAL</u>	<u>AMOUNT</u>	<u>TOTAL</u>	<u>AMOUNT</u>	<u>TOTAL</u>	<u>AMOUNT</u>	<u>TOTAL</u>
<u>ASSETS</u>								
1. <u>LOANS RECEIVABLE:</u>								
2. REHABILITATION LOANS TO FARM FAMILIES (1)	\$245,341,943.92				\$ 48,423,718.21*		\$196,918,225.71	
3. REHABILITATION LOANS TO COOPERATIVE ASSOCIATIONS OF FARMERS (2)	10,728,773.75				2,227,384.47*		8,501,389.28	
4. LOANS TO FARM TENANT FAMILIES FOR PURCHASE OF FARMS (3)	<u>23,299,274.70</u>	\$279,369,992.37				\$ 50,651,102.68*	23,299,274.70	\$228,718,889.69
5. <u>TRUST FUND CASH:</u>		1,516,616.14						1,516,616.14
6. <u>ACCOUNTS RECEIVABLE:</u>								
7. SUBSISTENCE HOMESTEAD PROJECT SALES CONTRACTS (4)	\$ 1,785,040.84						1,785,040.84	
8. REHABILITATION PROJECT RENTAL CONTRACTS (5)	17,551.78		\$ 280,181.82				297,733.60	
9. MISCELLANEOUS ACCOUNTS RECEIVABLE (6)	<u>81,636.79</u>	1,884,229.41		\$ 280,181.82			<u>81,636.79</u>	2,164,411.23
10. <u>ACCRUED INTEREST RECEIVABLE FROM:</u>								
11. REHABILITATION LOANS TO FARM FAMILIES (7)	\$ 490,925.68		\$ 17,819,986.68		\$ 1,955,960.97*		\$ 16,354,851.39	
12. REHABILITATION LOANS TO COOPERATIVE ASSOCIATIONS OF FARMERS (8)	246,921.12		65,851.22		32,878.04*		279,894.30	
13. LOANS TO FARM TENANT FAMILIES FOR PURCHASE OF FARMS (9)	13,840.20		238,293.83				252,134.03	
14. SUBSISTENCE HOMESTEAD PROJECT SALES CONTRACTS (10)	<u>55,472.59</u>	807,059.59		18,124,131.73		1,988,839.01*	<u>55,472.59</u>	16,942,352.31
15. <u>INVESTMENT IN FIXED PROPERTY:</u>								
16. REHABILITATION PROJECTS (11)	\$104,216,135.54		\$ 1,910,828.29*				\$102,305,307.25	
17. LAND UTILIZATION PROJECTS		104,216,135.54		1,910,828.29*				102,305,307.25
18. <u>INVENTORIES HELD FOR RESALE: (12)</u>		446,786.09				7,589.33*		439,196.76
19. <u>TOTAL ASSETS</u>		<u>\$388,240,819.14</u>		<u>\$ 16,493,485.26</u>		<u>\$ 52,647,531.02*</u>		<u>\$352,086,773.38</u>
<u>LIABILITIES:</u>								
20. <u>TRUST OBLIGATIONS:</u>		\$ 114,673.22						\$ 114,673.22
21. <u>TOTAL LIABILITIES</u>		<u>\$ 114,673.22</u>						<u>\$ 114,673.22</u>
<u>CAPITAL AND SURPLUS</u>								
22. <u>CAPITAL: (13)</u>		\$592,559,139.69		\$ 726,207.56*				\$591,832,932.13
23. <u>LESS: DEFICIT:</u>		<u>204,432,993.77*</u>		<u>17,219,692.82</u>		<u>\$ 52,647,531.02*</u>		<u>239,860,831.97*</u>
24. <u>NET WORTH</u>		<u>\$388,126,145.92</u>		<u>\$ 16,493,485.26</u>		<u>\$ 52,647,531.02*</u>		<u>\$351,972,100.16</u>
25. <u>TOTAL LIABILITIES AND NET WORTH</u>		<u>\$388,240,819.14</u>		<u>\$ 16,493,485.26</u>		<u>\$ 52,647,531.02*</u>		<u>\$352,086,773.38</u>

* REPRESENTS MINUS AMOUNT.

- (1) PRINCIPAL IN DEFAULT VALUED AT 60%; UNMATURED PRINCIPAL VALUED AT 65%.
 (2) BALANCE OF FORECLOSED LOANS VALUED AT ZERO; OTHER PRINCIPAL AT 80%.
 (3) NO APPRAISAL MADE.
 (4) APPRAISED AT 100%.
 (5) RENTALS ACCRUED FROM LAST BILLING DATE TO JUNE 30, 1939.
 (6) NO APPRAISAL MADE.
 (7) INTEREST IN DEFAULT VALUED AT 80%; CURRENT INTEREST VALUED AT 95%.

- (8) INTEREST ON FORECLOSED LOANS VALUED AT ZERO; INTEREST IN DEFAULT VALUED AT 80%; CURRENT INTEREST AT 95%.
 (9) APPRAISED AT 100%.
 (10) APPRAISED AT 100%.
 (11) ACCRUAL ADJUSTMENT MADE ON THE BASIS OF COST ANALYSES FOR 49 COMPLETED PROJECTS.
 (12) FUTURE LOSSES ESTIMATED AT SAME RATE AS PAST LOSSES (3.6%) ON REPOSSESSED CHATTELS ONLY.
 (13) ADJUSTMENT REPRESENTS PROJECT ASSETS TRANSFERRED TO OR FROM OTHER AGENCIES AS INDICATED BY COST ANALYSES FOR 49 COMPLETED PROJECTS.

STATEMENT OF ASSETS AND LIABILITIESAS OF JUNE 30, 1939

			<u>AMOUNT</u>	<u>TOTAL</u>	
<u>ASSETS (1)</u>			<u>LIABILITIES AND NET WORTH</u>		
1.	<u>LOANS RECEIVABLE:</u>				19. <u>LIABILITIES:</u>
2.	REHABILITATION LOANS TO FARM FAMILIES	\$245,341,943.92			20. TRUST OBLIGATIONS
3.	REHABILITATION LOANS TO COOPERATIVE ASSOCIATIONS OF FARMERS	10,728,773.75			
4.	LOANS TO FARM TENANT FAMILIES FOR PURCHASE OF FARMS	<u>23,299,274.70</u>	\$279,369,992.37		21. <u>TOTAL LIABILITIES</u>
5.	<u>TRUST FUND CASH:</u>		1,516,616.14		
6.	<u>ACCOUNTS RECEIVABLE:</u>				
7.	SUBSISTENCE HOMESTEAD PROJECT SALES CONTRACTS	\$ 1,785,040.84			
8.	REHABILITATION PROJECT RENTAL CONTRACTS	17,551.78			
9.	MISCELLANEOUS ACCOUNTS RECEIVABLE	<u>81,636.79</u>	1,884,229.41		
10.	<u>ACCRUED INTEREST RECEIVABLE FROM: (2)</u>				22. <u>CAPITAL AND SURPLUS:</u>
11.	REHABILITATION LOANS TO FARM FAMILIES	\$ 490,825.68			23. CAPITAL
12.	REHABILITATION LOANS TO COOPERATIVE ASSOCIATIONS OF FARMERS	246,921.12			
13.	LOANS TO FARM TENANT FAMILIES FOR PURCHASE OF FARMS	13,840.20			24. LESS: DEFICIT
14.	SUBSISTENCE HOMESTEAD PROJECT SALES CONTRACTS	<u>55,472.59</u>	807,059.59		
15.	<u>INVESTMENT IN FIXED PROPERTY: (3)</u>				25. <u>NET WORTH</u>
16.	REHABILITATION PROJECTS		104,216,135.54		
17.	<u>INVENTORIES HELD FOR RESALE:</u>		446,786.09		
18.	<u>TOTAL ASSETS</u>		<u>\$388,240,819.14</u>		26. <u>TOTAL LIABILITIES AND NET WORTH</u>
					<u>\$388,240,819.14</u>

FOOTNOTES: (1) COLLECTIONS HELD IN DISBURSING OFFICERS' SPECIAL DEPOSIT ACCOUNTS AS OF JUNE 30, 1939: \$2,857,908.51. THESE COLLECTIONS ARE APPLICABLE AS CREDITS TO RECEIVABLES, AND ARE THEREFORE NOT INCLUDED HEREIN AS ASSETS.

(2) INTEREST ACCRUED ON LOANS WAS NOT ENTERED ON BOOKS PRIOR TO JUNE 1, 1939.

(3) NO CONSIDERATION HAS BEEN GIVEN TO DEPRECIATION ON FIXED PROPERTY OR INVENTORY HELD FOR RESALE.

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STATEMENT NO. 1-39
SHEET 2 OF 3 SHEETS

RECONCILIATION OF CHANGES IN NET WORTH WITH STATEMENT OF REVENUES AND EXPENDITURES

FOR FISCAL YEAR 1939

	<u>AMOUNT</u>	<u>TOTAL</u>
1. <u>NET WORTH BEGINNING OF YEAR (STATEMENT NO. 1)</u>		\$273,427,840.24
2. <u>ADDITIONS TO NET WORTH DURING YEAR:</u>		
3. FROM APPROPRIATED CASH EXPENDED FOR:		
4. LOAN ADVANCES	\$140,266,585.71	
5. INVESTMENT IN FIXED PROPERTY - REHABILITATION PROJECTS	5,969,520.84	
6. INVENTORIES HELD FOR RESALE	294,284.01	
7. OPERATING EXPENSES	<u>52,067,610.15</u>	198,598,000.71
8. <u>TOTAL ADDITIONS TO NET WORTH</u>		<u>\$198,598,000.71</u>
9. <u>NET WORTH BEGINNING OF YEAR PLUS ADDITIONS (LINE 1 PLUS LINE 8)</u>		<u>\$472,025,840.95</u>
10. <u>DEDUCTIONS FROM NET WORTH DURING YEAR:</u>		
11. COLLECTIONS DEPOSITED IN THE TREASURY (MISCELLANEOUS RECEIPTS):		
12. LOAN REPAYMENTS	\$ 33,064,338.68	
13. INTEREST PAYMENTS ON LOANS	799,262.27	
14. PROJECT COLLECTIONS	150,067.18	
15. OTHER COLLECTIONS	<u>138,540.72</u>	34,152,208.85
16. TRANSFER OF ASSETS TO OTHER AGENCIES:		
17. DEPARTMENT OF AGRICULTURE - FOREST SERVICE		35,880.00
18. LOSS FROM OPERATIONS (STATEMENT NO. 3):		49,711,606.18
19. <u>TOTAL DEDUCTIONS FROM NET WORTH</u>		<u>\$ 83,899,695.03</u>
20. <u>NET WORTH END OF YEAR (STATEMENT NO. 1) (LINE 9 MINUS LINE 19)</u>		<u>\$388,126,145.92</u>

MEMORANDUM RELATING TO UNITED STATES INTERESTS

FOR FISCAL YEAR 1939

	AMOUNT	TOTAL
1. APPROPRIATIONS:		
2. NATIONAL INDUSTRIAL RECOVERY ACT	\$ 24,056,265.14	
3. EMERGENCY RELIEF APPROPRIATION ACT OF 1935	219,752,453.76	
4. EMERGENCY RELIEF APPROPRIATION ACT OF 1936	176,195,006.00	
5. EMERGENCY RELIEF APPROPRIATION ACT OF 1937	136,882,390.00	
6. EMERGENCY RELIEF APPROPRIATION ACT OF 1938	181,055,484.00	
7. THIPD DEFICIENCY APPROPRIATION ACT, FISCAL YEAR 1937	9,383,689.71	
8. DEPARTMENT OF AGRICULTURE APPROPRIATION ACT, 1939	27,471,575.00	
9. MISCELLANEOUS APPROPRIATIONS	265,016.49	\$775,062,076.10
10. ALLOCATIONS FROM OTHER AGENCIES:		
11. FEDERAL WORKS AGENCY - WORK PROJECTS ADMINISTRATION		27,662,121.27
12. ASSETS TRANSFERRED FROM OTHER AGENCIES:		
13. CIVILIAN CONSERVATION CORPS	\$ 69,295.96	
14. DEPARTMENT OF INTERIOR - GEOLOGICAL SURVEY	201.23	
15. DEPARTMENT OF INTERIOR - SUBSISTENCE HOMESTEADS	5,252,609.41	
16. FEDERAL EMERGENCY RELIEF ADMINISTRATION	17,088.30	
17. FEDERAL HOUSING ADMINISTRATION	9,530.00	
18. NAVY DEPARTMENT	100.00	
19. TREASURY DEPARTMENT	650.00	
20. VETERANS' ADMINISTRATION	318.00	
21. WAR DEPARTMENT	79.10	5,349,672.00
22. TOTALS		\$808,074,069.37
23. LESS: UNEXPENDED APPROPRIATIONS (1)		26,193,609.38
24. NET FUNDS PAID FROM TREASURY		\$781,880,459.99
25. DEDUCT:		
26. DIRECT OBLIGATIONS TO TREASURY		
27. DIVIDENDS PAID INTO TREASURY:		
28. DEPOSITS TO MISCELLANEOUS RECEIPTS		86,259,745.41
29. U. S. INTEREST IN NET WORTH		388,126,145.92
30. ALLOCATIONS TO OTHER AGENCIES:		
31. DEPARTMENT OF INTERIOR - OFFICE OF INDIAN AFFAIRS	\$ 2,892,500.00	
32. DEPARTMENT OF INTERIOR - VIRGIN ISLANDS	311,404.00	
33. NATIONAL EMERGENCY COUNCIL	35,000.00	
34. PUERTO RICO RECONSTRUCTION CORPORATION	853,000.00	4,091,904.00
35. EXPENDITURES FOR OTHER AGENCIES:		
36. DEPARTMENT OF AGRICULTURE - BIOLOGICAL SURVEY	\$ 4,515,442.16	
37. DEPARTMENT OF AGRICULTURE - BUREAU OF AGRICULTURAL ECONOMICS	4,024.16	
38. DEPARTMENT OF AGRICULTURE - OFFICE OF THE SOLICITOR	684,876.01	
39. DEPARTMENT OF AGRICULTURE - SOIL CONSERVATION SERVICE	23,903,597.30	
40. DEPARTMENT OF COMMERCE - BUREAU OF THE CENSUS	18,989.68	
41. DEPARTMENT OF INTERIOR - NATIONAL PARKS SERVICE	3,647,114.99	
42. DEPARTMENT OF INTERIOR - OFFICE OF INDIAN AFFAIRS	337,535.66	
43. DEPARTMENT OF JUSTICE	29,994.46	33,141,574.42
44. ASSETS TRANSFERRED TO OTHER AGENCIES:		
45. DEPARTMENT OF AGRICULTURE - BIOLOGICAL SURVEY	\$ 58,587.76	
46. DEPARTMENT OF AGRICULTURE - FOREST SERVICE	35,880.00	
47. DEPARTMENT OF AGRICULTURE - SOIL CONSERVATION SERVICE	59,081,743.97	
48. DEPARTMENT OF INTERIOR - NATIONAL PARKS SERVICE	3,924,318.10	
49. DEPARTMENT OF INTERIOR - OFFICE OF INDIAN AFFAIRS	2,698,104.64	
50. DEPARTMENT OF INTERIOR - VIRGIN ISLANDS	29,462.00	65,828,096.47
51. TOTAL DEDUCTIONS		\$577,447,466.22
52. LOSS TO UNITED STATES (LINE 24 MINUS LINE 51)		\$204,432,993.77

FOOTNOTE: (1) UNPAID ENCUMBRANCES AS OF JUNE 30, 1939, AMOUNTING TO \$22,213,356.18 ARE NOT SHOWN AS LIABILITIES ON THE STATEMENT OF ASSETS AND LIABILITIES SINCE UNEXPENDED CASH BALANCES OF APPROPRIATIONS FROM WHICH PAYMENT WILL BE MADE ARE NOT LISTED AS ASSETS OF THE FARM SECURITY ADMINISTRATION.

STATEMENT OF ASSETS AND LIABILITIESAS OF JUNE 30, 1938

<u>ASSETS</u>			<u>LIABILITIES AND NET WORTH</u>		
	<u>AMOUNT</u>	<u>TOTAL</u>		<u>AMOUNT</u>	<u>TOTAL</u>
1. <u>LOANS RECEIVABLE:</u>			15. <u>LIABILITIES:</u>		
2. REHABILITATION LOANS TO FARM FAMILIES	\$164,699,533.59		16. TRUST OBLIGATIONS	\$	32,285.54
3. REHABILITATION LOANS TO COOPERATIVE ASSOCIATIONS OF FARMERS	4,283,133.25				
4. LOANS TO FARM TENANT FAMILIES FOR PURCHASE OF FARMS	<u>3,329,877.19</u>	\$172,312,544.03	17. <u>TOTAL LIABILITIES</u>	\$	<u>32,285.54</u>
5. <u>TRUST FUND CASH:</u>		771,193.90			
6. <u>ACCOUNTS RECEIVABLE:</u>					
7. SUBSISTENCE HOMESTEAD PROJECT SALES CONTRACTS	\$ 1,596,128.33		18. <u>CAPITAL AND SURPLUS:</u>		
8. MISCELLANEOUS ACCOUNTS RECEIVABLE	<u>34,627.93</u>	1,630,756.26	19. CAPITAL		\$428,149,227.83
9. <u>ACCRUED INTEREST RECEIVABLE FROM:</u>			20. LESS: DEFICIT		154,721,387.59
10. SUBSISTENCE HOMESTEAD PROJECT SALES CONTRACTS		45,075.81			
11. <u>INVESTMENT IN FIXED PROPERTY: (1)</u>			21. <u>NET WORTH</u>		<u>\$273,427,840.24</u>
12. REHABILITATION PROJECTS		98,540,209.70			
13. <u>INVENTORIES HELD FOR RESALE:</u>		160,346.08			
14. <u>TOTAL ASSETS</u>		<u>\$273,460,125.78</u>	22. <u>TOTAL LIABILITIES AND NET WORTH</u>		<u>\$273,460,125.78</u>

FOOTNOTE: (1) TRANSFER OF LAND UTILIZATION PROJECTS TO OTHER GOVERNMENT AGENCIES WAS COMPLETED PRIOR TO JUNE 30, 1938. SEE LINES 26, 27 AND 28 OF STATEMENT NO. 1-38, SHEET 2, PAGE IX.

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STATEMENT NO. 1-38

SHEET 2 OF 3 SHEETS

RECONCILIATION OF CHANGES IN NET WORTH WITH STATEMENT OF REVENUES AND EXPENDITURES

FOR FISCAL YEAR 1938

	<u>AMOUNT</u>	<u>TOTAL</u>
1. <u>NET WORTH BEGINNING OF YEAR (STATEMENT NO. 1)</u>		\$256,292,295.07
2. <u>ADDITIONS TO NET WORTH DURING YEAR:</u>		
3. FROM APPROPRIATED CASH EXPENDED FOR:		
4. LOAN ADVANCES	\$ 71,502,467.58	
5. INVESTMENT IN FIXED PROPERTY - REHABILITATION PROJECTS	33,122,924.69	
6. INVENTORIES HELD FOR RESALE	1,100.00	
7. OPERATING EXPENSES	<u>46,295,710.74</u>	150,922,203.21
8. FROM TRANSFER OF ASSETS FROM OTHER AGENCIES:		
9. CIVILIAN CONSERVATION CORPS	\$ 69,295.96	
10. DEPARTMENT OF INTERIOR - GEOLOGICAL SURVEY	201.23	
11. FEDERAL EMERGENCY RELIEF ADMINISTRATION	17,088.30	
12. FEDERAL HOUSING ADMINISTRATION	9,530.00	
13. NAVY DEPARTMENT	100.00	
14. TREASURY DEPARTMENT	650.00	
15. VETERANS' ADMINISTRATION	318.00	
16. WAR DEPARTMENT	<u>79.10</u>	97,262.59
17. <u>TOTAL ADDITIONS TO NET WORTH</u>		<u>\$151,019,465.60</u>
18. <u>NET WORTH BEGINNING OF YEAR PLUS ADDITIONS (LINE 1 PLUS LINE 17)</u>		<u>\$407,311,760.87</u>
19. <u>DEDUCTIONS FROM NET WORTH DURING YEAR:</u>		
20. COLLECTIONS DEPOSITED IN THE TREASURY (MISCELLANEOUS RECEIPTS):		
21. LOAN REPAYMENTS	\$ 26,459,113.17	
22. INTEREST PAYMENTS ON LOANS	1,221,805.19	
23. PROJECT COLLECTIONS	117,078.64	
24. OTHER COLLECTIONS	<u>100,599.31</u>	27,898,596.31
25. TRANSFER OF ASSETS TO OTHER AGENCIES:		
26. DEPARTMENT OF AGRICULTURE - BIOLOGICAL SURVEY	\$ 9,879.65	
27. DEPARTMENT OF AGRICULTURE - SOIL CONSERVATION SERVICE	58,884,458.30	
28. DEPARTMENT OF INTERIOR - OFFICE OF INDIAN AFFAIRS	<u>2,689,326.57</u>	61,583,664.52
29. LOSS FROM OPERATIONS (STATEMENT NO. 3):		<u>44,401,659.80</u>
30. <u>TOTAL DEDUCTIONS FROM NET WORTH</u>		<u>\$133,883,920.63</u>
31. <u>NET WORTH END OF YEAR (STATEMENT NO. 1) (LINE 18 MINUS LINE 30)</u>		<u>\$273,427,840.24</u>

MEMORANDUM RELATING TO UNITED STATES INTERESTS

FOR FISCAL YEAR 1938

	AMOUNT	TOTAL
1. APPROPRIATIONS:		
2. NATIONAL INDUSTRIAL RECOVERY ACT	\$ 24,292,390.34	
3. EMERGENCY RELIEF APPROPRIATION ACT OF 1935	221,201,072.72	
4. EMERGENCY RELIEF APPROPRIATION ACT OF 1936	178,615,581.00	
5. EMERGENCY RELIEF APPROPRIATION ACT OF 1937	150,468,473.00	
6. THIRD DEFICIENCY APPROPRIATION ACT, FISCAL YEAR 1937	9,945,000.00	
7. MISCELLANEOUS APPROPRIATIONS	9,700.05	\$584,732,217.11
8. ALLOCATIONS FROM OTHER AGENCIES:		
9. FEDERAL WORKS AGENCY - WORK PROJECTS ADMINISTRATION		27,917,526.27
10. ASSETS TRANSFERRED FROM OTHER AGENCIES:		
11. CIVILIAN CONSERVATION CORPS	\$ 69,295.96	
12. DEPARTMENT OF INTERIOR - GEOLOGICAL SURVEY	201.23	
13. DEPARTMENT OF INTERIOR - SUBSISTENCE HOMESTEADS	5,252,609.41	
14. FEDERAL EMERGENCY RELIEF ADMINISTRATION	17,088.30	
15. FEDERAL HOUSING ADMINISTRATION	9,530.00	
16. NAVY DEPARTMENT	100.00	
17. TREASURY DEPARTMENT	650.00	
18. VETERANS' ADMINISTRATION	318.00	
19. WAR DEPARTMENT	79.10	5,349,872.00
20. TOTALS		\$617,999,615.38
21. LESS: UNEXPENDED APPROPRIATIONS (1)		40,155,306.06
22. NET FUNDS PAID FROM TREASURY		\$577,844,309.32
23. DEDUCT:		
24. DIRECT OBLIGATIONS TO TREASURY		
25. DIVIDENDS PAID INTO TREASURY:		52,107,536.56
26. DEPOSITS TO MISCELLANEOUS RECEIPTS		
27. U. S. INTEREST IN NET WORTH		273,427,640.24
28. ALLOCATIONS TO OTHER AGENCIES:		
29. DEPARTMENT OF INTERIOR - OFFICE OF INDIAN AFFAIRS	\$ 1,260,000.00	
30. DEPARTMENT OF INTERIOR - VIRGIN ISLANDS	260,000.00	
31. PUERTO RICO RECONSTRUCTION CORPORATION	916,535.00	2,436,935.00
32. EXPENDITURES FOR OTHER AGENCIES:		
33. DEPARTMENT OF AGRICULTURE - BIOLOGICAL SURVEY	\$ 4,413,273.89	
34. DEPARTMENT OF AGRICULTURE - BUREAU OF AGRICULTURAL ECONOMICS	4,024.16	
35. DEPARTMENT OF AGRICULTURE - OFFICE OF THE SOLICITOR	674,227.89	
36. DEPARTMENT OF AGRICULTURE - SOIL CONSERVATION SERVICE	20,398,148.75	
37. DEPARTMENT OF COMMERCE - BUREAU OF THE CENSUS	18,989.68	
38. DEPARTMENT OF INTERIOR - NATIONAL PARKS SERVICE	3,532,128.27	
39. DEPARTMENT OF INTERIOR - OFFICE OF INDIAN AFFAIRS	287,606.36	
40. DEPARTMENT OF JUSTICE	29,994.46	29,358,393.46
41. ASSETS TRANSFERRED TO OTHER AGENCIES:		
42. DEPARTMENT OF AGRICULTURE - BIOLOGICAL SURVEY	\$ 58,587.76	
43. DEPARTMENT OF AGRICULTURE - SOIL CONSERVATION SERVICE	59,081,743.97	
44. DEPARTMENT OF INTERIOR - NATIONAL PARKS SERVICE	3,924,318.10	
45. DEPARTMENT OF INTERIOR - OFFICE OF INDIAN AFFAIRS	2,658,104.64	
46. DEPARTMENT OF INTERIOR - VIRGIN ISLANDS	29,462.00	65,792,216.47
47. TOTAL DEDUCTIONS		\$423,122,921.73
48. LOSS TO UNITED STATES (LINE 22 MINUS LINE 47)		\$154,721,387.59

FOOTNOTE: (1) UNPAID ENCUMBRANCES AS OF JUNE 30, 1939, AMOUNTING TO \$22,213,356.18 ARE NOT SHOWN AS LIABILITIES ON THE STATEMENT OF ASSETS AND LIABILITIES SINCE UNEXPENDED CASH BALANCES OF APPROPRIATIONS FROM WHICH PAYMENT WILL BE MADE ARE NOT LISTED AS ASSETS OF THE FARM SECURITY ADMINISTRATION.

STATEMENT OF ASSETS AND LIABILITIESAS OF JUNE 30, 1937

			<u>AMOUNT</u>	<u>TOTAL</u>	
<u>ASSETS</u>			<u>LIABILITIES AND NET WORTH</u>		
1.	<u>LOANS RECEIVABLE:</u>				14. <u>LIABILITIES:</u>
2.	REHABILITATION LOANS TO FARM FAMILIES	\$124,155,747.68			15. TRUST OBLIGATIONS
3.	REHABILITATION LOANS TO COOPERATIVE ASSOCIATIONS OF FARMERS	<u>3,303,949.23</u>	\$127,459,696.91		
4.	<u>TRUST FUND CASH:</u>		201,498.43		16. <u>TOTAL LIABILITIES</u>
5.	<u>ACCOUNTS RECEIVABLE:</u>				
6.	SUBSISTENCE HOMESTEAD PROJECT SALES CONTRACTS		1,485,931.89		
7.	<u>ACCRUED INTEREST RECEIVABLE FROM:</u>				17. <u>CAPITAL AND SURPLUS:</u>
8.	SUBSISTENCE HOMESTEAD PROJECT SALES CONTRACTS		38,851.79		18. CAPITAL
9.	<u>INVESTMENT IN FIXED PROPERTY:</u>				
10.	REHABILITATION PROJECTS	\$ 65,451,738.22			19. LESS: DEFICIT
11.	LAND UTILIZATION PROJECTS	<u>61,583,664.52</u>	127,035,402.74		
12.	<u>INVENTORIES HELD FOR RESALE:</u>		74,750.11		20. <u>NET WORTH</u>
13.	<u>TOTAL ASSETS</u>		<u>\$256,296,131.87</u>		21. <u>TOTAL LIABILITIES AND NET WORTH</u>

\$ 3,836.80

\$ 3,836.80

\$366,612,022.86

110,319,727.79

\$256,292,295.07

\$256,296,131.87

RECONCILIATION OF CHANGES IN NET WORTH WITH STATEMENT OF REVENUES AND EXPENDITURES

FOR FISCAL YEAR 1937

	AMOUNT	TOTAL
1. NET WORTH BEGINNING OF YEAR (STATEMENT NO. 1)		\$112,857,816.10
2. ADDITIONS TO NET WORTH DURING YEAR:		
3. FROM APPROPRIATED CASH EXPENDED FOR:		
4. LOAN ADVANCES	\$ 72,101,452.97	
5. INVESTMENT IN FIXED PROPERTY - REHABILITATION PROJECTS	49,929,550.43	
6. INVESTMENT IN FIXED PROPERTY - LAND UTILIZATION PROJECTS	47,649,481.66	
7. OPERATING EXPENSES	68,007,512.06	237,687,997.12
8. TOTAL ADDITIONS TO NET WORTH		\$237,687,997.12
9. NET WORTH BEGINNING OF YEAR PLUS ADDITIONS (LINE 1 PLUS LINE 8)		\$350,545,813.22
10. DEDUCTIONS FROM NET WORTH DURING YEAR:		
11. COLLECTIONS DEPOSITED IN THE TREASURY (MISCELLANEOUS RECEIPTS):		
12. LOAN REPAYMENTS	\$ 22,204,426.38	
13. INTEREST PAYMENTS ON LOANS	923,128.15	
14. PROJECT COLLECTIONS	78,629.22	
15. OTHER COLLECTIONS	6,288.95	23,212,472.70
16. TRANSFER OF ASSETS TO OTHER AGENCIES:		
17. DEPARTMENT OF AGRICULTURE - BIOLOGICAL SURVEY	\$ 48,708.11	
18. DEPARTMENT OF AGRICULTURE - SOIL CONSERVATION SERVICE	197,285.67	
19. DEPARTMENT OF INTERIOR - NATIONAL PARK SERVICE	3,924,318.10	
20. DEPARTMENT OF INTERIOR - OFFICE OF INDIAN AFFAIRS	8,778.07	
21. DEPARTMENT OF INTERIOR - VIRGIN ISLANDS	29,462.00	4,208,551.95
22. LOSS FROM OPERATIONS (STATEMENT NO. 3):		66,832,493.50
23. TOTAL DEDUCTIONS FROM NET WORTH		\$ 94,253,518.15
24. NET WORTH END OF YEAR (STATEMENT NO. 1) (LINE 9 MINUS LINE 23)		\$256,292,295.07

MEMORANDUM RELATING TO UNITED STATES INTERESTS

FOR FISCAL YEAR 1937

	AMOUNT	TOTAL
1. APPROPRIATIONS:		
2. NATIONAL INDUSTRIAL RECOVERY ACT	\$ 24,440,263.27	
3. EMERGENCY RELIEF APPROPRIATION ACT OF 1935	226,801,072.72	
4. EMERGENCY RELIEF APPROPRIATION ACT OF 1936	197,995,581.00	
5. MISCELLANEOUS APPROPRIATIONS	<u>11,048.03</u>	\$449,247,965.02
6. ALLOCATIONS FROM OTHER AGENCIES:		
7. FEDERAL WORKS AGENCY - WORK PROJECTS ADMINISTRATION	28,383,547.39	
8. ASSETS TRANSFERRED FROM OTHER AGENCIES:		
9. DEPARTMENT OF INTERIOR - SUBSISTENCE HOMESTEADS	<u>5,252,609.41</u>	
10. TOTALS		\$482,984,121.82
11. LESS: UNEXPENDED APPROPRIATIONS (1)		<u>80,473,750.78</u>
12. NET FUNDS PAID FROM TREASURY		<u>\$402,410,371.04</u>
13. DEDUCT:		
14. DIRECT OBLIGATIONS TO TREASURY		
15. DIVIDENDS PAID INTO TREASURY:		24,208,940.25
16. DEPOSITS TO MISCELLANEOUS RECEIPTS		<u>256,292,295.07</u>
17. U. S. INTEREST IN NET WORTH		
18. EXPENDITURES FOR OTHER AGENCIES:		
19. DEPARTMENT OF AGRICULTURE - BIOLOGICAL SURVEY	\$ 3,832,775.51	
20. DEPARTMENT OF AGRICULTURE - BUREAU OF AGRICULTURAL ECONOMICS	3,301.23	
21. DEPARTMENT OF AGRICULTURE - OFFICE OF THE SOLICITOR	238,786.51	
22. DEPARTMENT OF AGRICULTURE - SOIL CONSERVATION SERVICE	387,273.56	
23. DEPARTMENT OF COMMERCE - BUREAU OF THE CENSUS	18,198.24	
24. DEPARTMENT OF INTERIOR - NATIONAL PARKS SERVICE	2,870,536.47	
25. DEPARTMENT OF JUSTICE	<u>29,994.46</u>	7,380,855.98
26. ASSETS TRANSFERRED TO OTHER AGENCIES:		
27. DEPARTMENT OF AGRICULTURE - BIOLOGICAL SURVEY	\$ 48,708.11	
28. DEPARTMENT OF AGRICULTURE - SOIL CONSERVATION SERVICE	197,285.67	
29. DEPARTMENT OF INTERIOR - NATIONAL PARKS SERVICE	3,924,318.10	
30. DEPARTMENT OF INTERIOR - OFFICE OF INDIAN AFFAIRS	8,778.07	
31. DEPARTMENT OF INTERIOR - VIRGIN ISLANDS	<u>29,462.00</u>	4,208,551.95
32. TOTAL DEDUCTIONS		<u>\$292,090,643.25</u>
33. LOSS TO UNITED STATES (LINE 12 MINUS LINE 32)		<u>\$110,319,727.79</u>

FOOTNOTE: (1) UNPAID ENCUMBRANCES AS OF JUNE 30, 1939, AMOUNTING TO \$22,213,356.18 ARE NOT SHOWN AS LIABILITIES ON THE STATEMENT OF ASSETS AND LIABILITIES SINCE UNEXPENDED CASH BALANCES OF APPROPRIATIONS FROM WHICH PAYMENT WILL BE MADE ARE NOT LISTED AS ASSETS OF THE FARM SECURITY ADMINISTRATION.

STATEMENT OF ASSETS AND LIABILITIESAS OF JUNE 30, 1936

		<u>AMOUNT</u>	<u>TOTAL</u>			<u>AMOUNT</u>	<u>TOTAL</u>
<u>ASSETS</u>				<u>LIABILITIES AND NET WORTH</u>			
1.	<u>LOANS RECEIVABLE:</u>			12.	<u>CAPITAL AND SURPLUS:</u>		
2.	REHABILITATION LOANS TO FARM FAMILIES	\$ 74,924,832.49		13.	CAPITAL		\$156,345,050.39
3.	REHABILITATION LOANS TO COOPERATIVE ASSOCIATIONS OF FARMERS	<u>2,714,207.91</u>	\$ 77,639,040.40	14.	LESS: DEFICIT		43,487,234.29
4.	<u>ACCOUNTS RECEIVABLE:</u>						
5.	SUBSISTENCE HOMESTEAD PROJECT SALES CONTRACTS		571,468.48	15.	<u>NET WORTH</u>		<u>\$112,857,816.10</u>
6.	<u>ACCRUED INTEREST RECEIVABLE FROM:</u>						
7.	SUBSISTENCE HOMESTEAD PROJECT SALES CONTRACTS		14,364.62				
8.	<u>INVESTMENT IN FIXED PROPERTY:</u>						
9.	REHABILITATION PROJECTS	\$ 16,531,781.27					
10.	LAND UTILIZATION PROJECTS	<u>18,101,161.33</u>	34,632,942.60				
11.	<u>TOTAL ASSETS</u>		<u>\$112,857,816.10</u>	16.	<u>TOTAL LIABILITIES AND NET WORTH</u>		<u>\$112,857,816.10</u>

RECONCILIATION OF CHANGES IN NET WORTH WITH STATEMENT OF REVENUES AND EXPENDITURES
FOR FISCAL YEAR 1936

	AMOUNT	TOTAL
1. <u>NET WORTH BEGINNING OF YEAR (STATEMENT NO. 1)</u>		\$ 5,465,906.70
2. <u>ADDITIONS TO NET WORTH DURING YEAR:</u>		
3. FROM APPROPRIATED CASH EXPENDED FOR:		
4. LOAN ADVANCES	\$ 78,508,737.66	
5. INVESTMENT IN FIXED PROPERTY - REHABILITATION PROJECTS	11,668,023.82	
6. INVESTMENT IN FIXED PROPERTY - LAND UTILIZATION PROJECTS	18,099,498.56	
7. OPERATING EXPENSES	<u>43,361,547.71</u>	151,637,807.75
8. <u>TOTAL ADDITIONS TO NET WORTH</u>		<u>\$151,637,807.75</u>
9. <u>NET WORTH BEGINNING OF YEAR PLUS ADDITIONS (LINE 1 PLUS LINE 8)</u>		<u>\$157,103,714.45</u>
10. <u>DEDUCTIONS FROM NET WORTH DURING YEAR:</u>		
11. COLLECTIONS DEPOSITED IN THE TREASURY (MISCELLANEOUS RECEIPTS):		
12. LOAN REPAYMENTS	\$ 869,697.26	
13. INTEREST PAYMENTS ON LOANS	9,939.46	
14. PROJECT COLLECTIONS	96,056.63	
15. OTHER COLLECTIONS	<u>674.68</u>	976,368.03
16. LOSS FROM OPERATIONS (STATEMENT NO. 3):		<u>43,269,530.32</u>
17. <u>TOTAL DEDUCTIONS FROM NET WORTH</u>		<u>\$ 44,245,898.35</u>
18. <u>NET WORTH END OF YEAR (STATEMENT NO. 1) (LINE 9 MINUS LINE 17)</u>		<u>\$112,857,816.10</u>

PAR. (1) OF
S. RES. 150

STATEMENT NO. 1-36
SHEET 3 OF 3 SHEETS

MEMORANDUM RELATING TO UNITED STATES INTERESTS

FOR FISCAL YEAR 1936

	<u>AMOUNT</u>	<u>TOTAL</u>
1. <u>APPROPRIATIONS:</u>		
2. NATIONAL INDUSTRIAL RECOVERY ACT	\$ 27,927,773.44	
3. EMERGENCY RELIEF APPROPRIATION ACT OF 1935	226,175,000.00	
4. MISCELLANEOUS APPROPRIATIONS	<u>10,501.54</u>	\$254,113,274.98
5. <u>ALLOCATIONS FROM OTHER AGENCIES:</u>		
6. FEDERAL WORKS AGENCY - WORK PROJECTS ADMINISTRATION		22,012,527.00
7. <u>ASSETS TRANSFERRED FROM OTHER AGENCIES:</u>		
8. DEPARTMENT OF INTERIOR - SUBSISTENCE HOMESTEADS		5,252,609.41
9. <u>TOTALS</u>		<u>\$281,378,411.39</u>
10. LESS: UNEXPENDED APPROPRIATIONS (1)		<u>121,487,201.74</u>
11. <u>NET FUNDS PAID FROM TREASURY</u>		<u>\$159,991,209.65</u>
12. <u>DEDUCT:</u>		
13. <u>DIRECT OBLIGATIONS TO TREASURY</u>		
14. DIVIDENDS PAID INTO TREASURY		996,467.55
15. DEPOSITS TO MISCELLANEOUS RECEIPTS		
16. <u>U. S. INTEREST IN NET WORTH</u>		<u>112,857,816.10</u>
17. <u>EXPENDITURES FOR OTHER AGENCIES:</u>		
18. DEPARTMENT OF AGRICULTURE - BIOLOGICAL SURVEY		<u>2,549,691.71</u>
19. <u>TOTAL DEDUCTIONS</u>		<u>\$116,403,975.36</u>
20. LOSS TO UNITED STATES (LINE 11 MINUS LINE 19)		<u>\$ 43,487,234.29</u>

FOOTNOTE: (1) UNPAID ENCUMBRANCES AS OF JUNE 30, 1939, AMOUNTING TO \$22,213,356.18 ARE NOT SHOWN AS LIABILITIES ON THE STATEMENT OF ASSETS AND LIABILITIES SINCE UNEXPENDED CASH BALANCES OF APPROPRIATIONS FROM WHICH PAYMENT WILL BE MADE ARE NOT LISTED AS ASSETS OF THE FARM SECURITY ADMINISTRATION.

STATEMENT OF ASSETS AND LIABILITIES

AS OF JUNE 30, 1935

		<u>AMOUNT</u>	<u>TOTAL</u>			<u>AMOUNT</u>	<u>TOTAL</u>
<u>ASSETS</u>				<u>LIABILITIES AND NET WORTH</u>			
1.	<u>INVESTMENT IN FIXED PROPERTY:</u>			5.	<u>CAPITAL AND SURPLUS:</u>		
2.	REHABILITATION PROJECTS	\$ 5,464,243.93		6.	CAPITAL	\$ 5,683,610.67	
3.	LAND UTILIZATION PROJECTS	<u>1,662.77</u>	\$ 5,465,906.70	7.	LESS: DEFICIT		<u>217,703.97</u>
				8.	<u>NET WORTH</u>		<u>\$ 5,465,906.70</u>
4.	<u>TOTAL ASSETS</u>		<u>\$ 5,465,906.70</u>	9.	<u>TOTAL LIABILITIES AND NET WORTH</u>		<u>\$ 5,465,906.70</u>

PAR. (1) OF
S. RES. 150

STATEMENT NO. 1-35
SHEET 2 OF 3 SHEETS

RECONCILIATION OF CHANGES IN NET WORTH WITH STATEMENT OF REVENUES AND EXPENDITURES
FOR FISCAL YEAR 1935

	AMOUNT	TOTAL
1. NET WORTH BEGINNING OF YEAR (STATEMENT NO. 1)	\$	0.00
2. ADDITIONS TO NET WORTH DURING YEAR:		
3. FROM APPROPRIATED CASH EXPENDED FOR:		
4. INVESTMENT IN FIXED PROPERTY - REHABILITATION PROJECTS	\$ 211,634.52	
5. INVESTMENT IN FIXED PROPERTY - LAND UTILIZATION PROJECTS	1,662.77	
6. OPERATING EXPENSES	237,803.49	451,100.78
7. FROM TRANSFER OF ASSETS FROM OTHER AGENCIES:		
8. DEPARTMENT OF INTERIOR - SUBSISTENCE HOMESTEAD DIVISION	5,252,609.41	
9. TOTAL ADDITIONS TO NET WORTH	\$ 5,703,710.19	
10. NET WORTH BEGINNING OF YEAR PLUS ADDITIONS (LINE 1 PLUS LINE 9)	\$ 5,703,710.19	
11. DEDUCTIONS FROM NET WORTH DURING YEAR:		
12. COLLECTIONS DEPOSITED IN THE TREASURY (MISCELLANEOUS RECEIPTS):		
13. PROJECT COLLECTIONS	20,099.52	
14. LOSS FROM OPERATIONS (STATEMENT NO. 3):	217,703.97	
15. TOTAL DEDUCTIONS FROM NET WORTH	\$ 237,803.49	
16. NET WORTH END OF YEAR (STATEMENT NO. 1) (LINE 10 MINUS LINE 15)	\$ 5,465,906.70	

MEMORANDUM RELATING TO UNITED STATES INTERESTS

FOR FISCAL YEAR 1935

	<u>AMOUNT</u>	<u>TOTAL</u>
1. <u>APPROPRIATIONS:</u>		
2. NATIONAL INDUSTRIAL RECOVERY ACT	\$ 43,714,879.06	
3. EMERGENCY RELIEF APPROPRIATION ACT OF 1935	<u>8,250,000.00</u>	\$ 51,964,879.06
4. <u>ASSETS TRANSFERRED FROM OTHER AGENCIES:</u>		
5. DEPARTMENT OF INTERIOR - SUBSISTENCE HOMESTEADS	<u>5,252,609.41</u>	
6. <u>TOTALS</u>		\$ 57,217,488.47
7. LESS: UNEXPENDED APPROPRIATIONS (1)		<u>51,513,778.28</u>
8. <u>NET FUNDS PAID FROM TREASURY</u>		<u>\$ 5,703,710.19</u>
9. <u>DEDUCT:</u>		
10. <u>DIRECT OBLIGATIONS TO TREASURY</u>		
11. DIVIDENDS PAID INTO TREASURY		20,099.52
12. DEPOSITS TO MISCELLANEOUS RECEIPTS		
13. <u>U. S. INTEREST IN NET WORTH</u>		<u>5,465,906.70</u>
14. <u>TOTAL DEDUCTIONS</u>		<u>\$ 5,486,006.22</u>
15. LOSS TO UNITED STATES (LINE 8 MINUS LINE 14)		<u>\$ 217,703.97</u>

FOOTNOTE: (1) UNPAID ENCUMBRANCES AS-OF JUNE 30, 1939, AMOUNTING TO \$22,213,356.18 ARE NOT SHOWN AS LIABILITIES ON THE STATEMENT OF ASSETS AND LIABILITIES SINCE UNEXPENDED CASH BALANCES OF APPROPRIATIONS FROM WHICH PAYMENT WILL BE MADE ARE NOT LISTED AS ASSETS OF THE FARM SECURITY ADMINISTRATION.

ACCOUNTING PRINCIPLES USED IN PREPARATION
OF STATEMENT NO. 1, ASSETS AND LIABILITIES

BALANCE SHEET OF JUNE 30, 1939

I - GENERAL

THE SYSTEM OF CONTROL ACCOUNTS, PRESCRIBED BY THE COMPTROLLER GENERAL FOR THE FARM SECURITY ADMINISTRATION WAS FORMULATED AFTER A PROLONGED STUDY OF THE VARIED ACTIVITIES OF THE FARM SECURITY ADMINISTRATION, AND THE FOLLOWING FEATURES ARE NOTEWORTHY:

(A) THE PROVISION FOR AN "UNAVAILABLE CASH" (GENERAL FUND RECEIPTS) ACCOUNT TO BE MAINTAINED FOR STATISTICAL PURPOSES ON A CUMULATIVE BASIS, IN ORDER TO INDICATE CONVERSION OF OTHER ASSETS TO CASH, WHICH CASH IS DEPOSITED TO THE GENERAL FUND OF THE TREASURY. CASH THUS DEPOSITED BECOMES, OF COURSE, AN ASSET OF THE TREASURY, AND IN REALITY REDUCES THE NET WORTH OF THE FARM SECURITY ADMINISTRATION WHOSE ASSETS ARE THUS CONVERTED.

(B) THE PROVISION FOR AN ACCOUNT TO SHOW INCOME ACCRUED BUT UNCOLLECTED, WHICH, WHEN CONSIDERED WITH THE PORTION OF THE ACCOUNT SET UP TO SHOW CUMULATIVE DEPOSITS TO THE GENERAL FUND REPRESENTING INCOME COLLECTED, INDICATES THE AMOUNTS EARNED BY THE AGENCY ON AN ACCRUAL BASIS.

THE BALANCE SHEET AS OF JUNE 30, 1939 WAS DERIVED DIRECTLY FROM THE CONTROL ACCOUNTS OF THE FARM SECURITY ADMINISTRATION AS OF THAT DATE, WITH THE FOLLOWING EXCEPTIONS:

(A) UNEXPENDED BALANCES OF AVAILABLE FUNDS, NORMALLY CONSIDERED AS ASSETS OF THIS AGENCY, HAVE BEEN ELIMINATED, TOGETHER WITH CORRESPONDING CREDIT BALANCE (BUDGETARY) ACCOUNTS SHOWING THE AVAILABILITY OF SUCH BALANCES FOR ALLOTMENT, ENCUMBRANCE AND EXPENDITURE.

(B) EQUIPMENT ACCOUNTS, OTHER THAN THOSE REPRESENTING PROJECT CONSTRUCTION EQUIPMENT, NORMALLY CONSIDERED AS ASSETS OF THIS AGENCY, HAVE BEEN TREATED AS EXPENSE ACCOUNTS.

(C) VARIOUS SUSPENSE ACCOUNTS, NORMALLY REPRESENTING ITEMS NOT YET PROCESSED IN THE DETAIL RECORDS CONTROLLED BY THE ASSET OR LIABILITY ACCOUNTS HAVE BEEN COMBINED WITH THE CORRESPONDING ASSET OR LIABILITY ACCOUNTS.

(D) THE ACCOUNT REFLECTING THE BALANCE OF COLLECTIONS HELD IN DISBURSING OFFICERS' SPECIAL DEPOSIT ACCOUNTS WAS ELIMINATED FROM THE BALANCE SHEET INASMUCH AS THESE COLLECTIONS HAD NOT YET BEEN APPLIED AS CREDITS TO RECEIVABLES WHICH ARE REFLECTED AS ASSETS, AND THE INCLUSION OF THESE COLLECTIONS WOULD INFLATE THE TOTAL ASSETS TO THE EXTENT OF THIS APPLICABILITY.

II - ASSETS

LINE 1 LOANS RECEIVABLE: THE BALANCE OF THIS ACCOUNT REPRESENTS THE OUTSTANDING PRINCIPAL INDEBTEDNESS OF FARM FAMILIES OR ASSOCIATIONS TO THE UNITED STATES FOR CASH OR PROPERTY LOANED BY THIS AGENCY IN THE COURSE OF ITS REGULARLY PRESCRIBED PROGRAM FOR REHABILITATION OF LOW-INCOME FARM FAMILIES. THIS ACCOUNT IS DEBITED AT THE TIME CASH OR PROPERTY IS ADVANCED TO THE BORROWER, AND CREDITED WHEN REPAYMENTS, EITHER IN CASH OR IN KIND ARE RECEIVED FROM HIM. THE GENERAL LEDGER FIGURE FOR JUNE 30, 1939 FOR THIS ACCOUNT WAS ADJUSTED FOR REPORTING PURPOSES BY INCLUDING SUSPENSE ITEMS FOR ADVANCES MADE BUT NOT YET RECORDED IN DETAIL ACCOUNTS AS OF THAT DATE, AND FOR INDIVIDUAL ACCOUNTS IN TRANSIT BETWEEN REGIONS AS OF THAT DATE.

LINE 5 TRUST FUND CASH: THE BALANCE OF THIS ACCOUNT REPRESENTS THE TOTAL OF THE CASH BALANCE OF FIVE TRUST FUNDS HELD FOR FINAL DISPOSITION IN SPECIAL ACCOUNTS IN THE TREASURY. THESE SPECIAL ACCOUNTS WERE PRESCRIBED BY THE COMPTROLLER GENERAL TO RECEIVE CASH DEPOSITED AS PROJECT EARNINGS (UNDER THE BANKHEAD-BLACK ACT), AS PREPAYMENTS OF GRAZING FEES, AS PARTIAL PAYMENTS FOR LAND SOLD TO PURCHASERS UNDER CONTRACT WITH THE FARM SECURITY ADMINISTRATION, OR AS OVERPAYMENTS OF LESS THAN ONE DOLLAR SUBJECT TO FUTURE CLAIM BY REMITTERS. IN THIS ACCOUNT ARE COMBINED BOTH APPROPRIATED AND UNAPPROPRIATED CASH BALANCES.

LINE 6 ACCOUNTS RECEIVABLE: THE BALANCE OF THIS ACCOUNT REPRESENTS THE OUTSTANDING INDEBTEDNESS OF INDIVIDUALS OR ASSOCIATIONS TO THE UNITED STATES FOR PROPERTY SOLD ON TIME CONTRACTS, RENTALS ACCRUED ON LEASES, OR ON MISCELLANEOUS CHARGES SET UP AGAINST EMPLOYEES FOR MISUSE OR LOSS OF GOVERNMENT FUNDS OR PROPERTIES. RENTALS ACCRUED ON PROJECT LEASES ARE TRUST FUND EARNINGS SINCE COLLECTIONS REALIZED THEREON WILL BE DEPOSITED TO SUCH A FUND AND BECOME AVAILABLE FOR RE-EXPENDITURE UNDER AUTHORITY OF THE BANKHEAD-BLACK ACT.

LINE 10 ACCRUED INTEREST RECEIVABLE: THE BALANCE OF THIS ACCOUNT REPRESENTS THE OUTSTANDING INTEREST ACCRUED ON LOANS TO FARM FAMILIES AND ASSOCIATIONS AND ON PROJECT SALES CONTRACTS. THE AMOUNTS REPORTED AS BOOK FIGURES FOR INTEREST ON LOANS ARE SMALL IN COMPARISON WITH ACTUAL ACCRUALS FOR JUNE 30, 1939, SHOWN IN THE ADJUSTED STATEMENT FOR THE REASON THAT ACTUAL ACCRUAL OF INTEREST ON THE CONTROL ACCOUNTS WAS COMMENCED AS OF JUNE 1, 1939. PRIOR TO THAT TIME INTEREST ACCRUED ON LOANS WAS CARRIED ON MEMORANDUM RECORDS ONLY. ACCRUED INTEREST RECEIVABLE ACCOUNTS ARE DEBITED AT THE TIME OF BILLING OF THE RECEIVABLES, AND ARE CREDITED WITH CASH OR KIND COLLECTIONS. GENERAL FUND OR TRUST FUND RECEIPT ACCOUNTS OR INVENTORY ACCOUNTS ARE CORRESPONDINGLY DEBITED FOR THESE TRANSACTIONS.

LINE 15 INVESTMENT IN FIXED PROPERTY: THE BALANCE OF THIS ACCOUNT REFLECTS CAPITALIZED EXPENDITURES AND ASSETS TRANSFERRED TO THIS AGENCY BY OTHER GOVERNMENT AGENCIES IN CONNECTION WITH REHABILITATION PROJECTS. THE ACCOUNT REPRESENTS THE COMBINATION OF THE GENERAL LEDGER ACCOUNTS FOR FIXED PROPERTY AND FOR CONSTRUCTION WORK IN PROCESS. FIXED PROPERTY ACCOUNTS ARE DEBITED WITH AMOUNTS OF EXPENDITURES FOR PURCHASE OF LAND, WITH VALUE OF LAND TRANSFERRED FROM OTHER AGENCIES, AND WITH CONSTRUCTION WORK IN PROCESS, WHEN SUCH WORK IS COMPLETED. THE ACCOUNTS ARE CREDITED UPON SALE OF PROJECTS OR PORTIONS THEREOF. WORK IN PROCESS ACCOUNTS ARE DEBITED WITH EXPENDITURES FOR CONSTRUCTION, PLANNING, LAND ACQUISITION, LAND DEVELOPMENT, ETC. THEY ARE CREDITED AT THE TIME CONSTRUCTION OR DEVELOPMENT WORK HAS BEEN COMPLETED.

LINE 17 INVENTORIES HELD FOR RESALE: THE BALANCE OF THIS ACCOUNT REFLECTS (1) THE INVENTORY ON HAND OF HOUSEHOLD EQUIPMENT PURCHASED FOR RESALE TO OCCUPANTS OF REHABILITATION PROJECTS, AND (2) THE INVENTORY ON HAND OF CHATTELS REPOSSESSED OR ACQUIRED FROM BORROWERS, THE VALUE OF WHICH HAS BEEN CREDITED TO OUTSTANDING LOAN OR INTEREST BALANCES. TWO GENERAL LEDGER ACCOUNTS ARE COMBINED IN THIS ITEM. ACCOUNTS REFLECTING PROJECT HOUSEHOLD EQUIPMENT INVENTORIES ARE DEBITED WITH AMOUNTS OF EXPENDITURES FOR SUCH ITEMS, AND CREDITED AT TIME OF SALE. EXPENSES INCURRED FOR WAREHOUSING AND TRANSPORTING THIS EQUIPMENT IS CAPITALIZED AND ADDED TO THE SALE PRICE OF THE VARIOUS ITEMS INCLUDED IN THE INVENTORY, ON A PRO-RATA BASIS. ACCOUNTS REFLECTING REPOSSESSED CHATTEL INVENTORY ARE DEBITED UPON ADVICE OF ACQUISITION AND CREDITED UPON ADVICE OF SALE OR OF SHRINKAGE DUE TO DEATH OR SPOILAGE. NATURAL INCREASES IN SUCH INVENTORY ARE REFLECTED AS PROFITS AT TIME OF SALE OF SUCH INCREASES.

III - LIABILITIES

LINE 20 TRUST OBLIGATIONS: THE BALANCE OF THIS ACCOUNT REPRESENTS THE OBLIGATION OF THE GOVERNMENT FOR FUNDS HELD IN TRUST BY THE TREASURY. REHABILITATION PROJECT EARNINGS ARE NOT CONSIDERED TRUST OBLIGATIONS, BUT ARE INCLUDED AS INCOME FROM TRUST OPERATIONS IN STATEMENT NO. 3.

IV - NET WORTH

LINE 23 CAPITAL: THE BALANCE OF THE CAPITAL ACCOUNT REPRESENTS:

(A) ASSETS TRANSFERRED FROM OTHER AGENCIES,

PLUS

(B) EXPENDED APPROPRIATED CASH,

LESS

(C) ASSETS TRANSFERRED TO OTHER AGENCIES,

LESS

(D) DEPOSITS TO THE GENERAL FUND OF THE TREASURY.

THE GENERAL LEDGER BALANCE FOR THIS ACCOUNT WAS ADJUSTED TO TAKE INTO CONSIDERATION CORRESPONDING ADJUSTMENTS IN THE ASSET ACCOUNTS DISCUSSED ABOVE, AND TO SEPARATE THE CUMULATIVE DEFICIT SINCE INCEPTION IN ORDER THAT IT COULD BE SHOWN AS AN INDIVIDUAL ITEM.

LINE 24 DEFICIT: THE BALANCE OF THIS ACCOUNT REFLECTS:

(A) CUMULATIVE OPERATING EXPENSES SINCE INCEPTION,

LESS

(B) CUMULATIVE OPERATING EARNINGS SINCE INCEPTION.

THIS ACCOUNT INCLUDES SURPLUS OR DEFICIT FROM TRUST OPERATIONS.

LINE 25 NET WORTH: THE BALANCE OF THIS ACCOUNT REPRESENTS THE NET VALUE OF ALL PROPERTIES IN THE CUSTODY OF THIS AGENCY, LESS TRUST OBLIGATIONS, AND EQUALS THE ADJUSTED BALANCE OF THE GENERAL LEDGER ACCOUNT ENTITLED "INVESTED AND DONATED CAPITAL", PLUS THE BALANCE OF GENERAL LEDGER ACCOUNT "SURPLUS FROM TRUST OPERATIONS".

BALANCE SHEETS PRIOR TO JUNE 30, 1939

DURING THE PERIOD FROM SEPTEMBER 1936 TO APRIL 1939 ALL DETAIL AND CONTROL ACCOUNTING RECORDS IN CONNECTION WITH EMERGENCY RELIEF FUNDS WERE MAINTAINED BY THE OFFICE OF THE COMMISSIONER OF ACCOUNTS AND DEPOSITS, TREASURY DEPARTMENT. SINCE THE SYSTEM OF ACCOUNTING PRESCRIBED BY THE OFFICE OF THE COMMISSIONER OF ACCOUNTS AND DEPOSITS FOR MAINTAINING THESE ACCOUNTS DIFFERED FROM THE SYSTEM OF ACCOUNTING NOW IN USE IN THIS AGENCY, IT WAS NECESSARY TO EFFECT CERTAIN ADJUSTMENTS BETWEEN CONTROL ACCOUNT BALANCES IN ORDER THAT THIS REPORT BE PLACED ON A UNIFORM BASIS FOR EACH FISCAL YEAR PERIOD. THESE ADJUSTMENTS CONCERN ONLY THE METHOD OF OBTAINING THE CLASSIFICATION OF ACCOUNTS USED IN THIS REPORT, AND DO NOT HAVE ANY AFFECT ON THE VALUE OR AMOUNT OF ITEMS CONTAINED IN THE BALANCE SHEET OR OTHER STATEMENTS.

ACCOUNTING PRINCIPLES USED IN PREPARATION OF
STATEMENT NO. 3, RELATING TO REVENUES AND EXPENSES

PROFIT AND LOSS STATEMENT FOR THE FISCAL YEAR 1939

I - GENERAL

THE ACCOUNTING PROCEDURES FOLLOWED PRIOR TO JUNE 1, 1939 BY THE FARM SECURITY ADMINISTRATION WITH REGARD TO APPLICATION OF REPAYMENTS TO INDIVIDUAL BORROWERS' LOAN ACCOUNTS PROVIDED THAT SUCH REPAYMENTS BE APPLIED FIRST TO MATURED PRINCIPAL AND SECOND TO ACCRUED INTEREST. INTEREST WAS NOT BILLED TO BORROWERS AS IT ACCRUED, ALTHOUGH BILLS PROVIDED A SIMPLE MEANS OF COMPUTING SUCH INTEREST TO ANY GIVEN DATE. PROCEDURE NOW IN EFFECT REVERSES THE ORDER OF APPLICATION OF COLLECTIONS, AND CURRENT BILLS SHOW INTEREST ACCRUED TO THE DATE OF SUCH BILLS. THE EFFECT OF THIS PROCEDURAL CHANGE WILL GREATLY INCREASE THE RATIO OF INTEREST REVENUES TO PRINCIPAL REPAYMENTS.

II - REVENUES

ACCRUED INCOME ACCOUNTS ARE CREDITED AT TIME OF BILLING OF RECEIVABLES, AND ARE DEBITED WHEN AMOUNTS SO BILLED ARE COLLECTED. IF THE COLLECTION IS IN CASH, A CORRESPONDING CREDIT IS POSTED TO THE GENERAL FUND RECEIPTS OR TO THE TRUST FUND EARNINGS ACCOUNTS. FOR A COLLECTION IN KIND REPRESENTING INVENTORY, THE CORRESPONDING CREDIT IS POSTED TO THE CAPITAL ACCOUNT. DIRECT CASH COLLECTIONS REPRESENTING INCOME NOT PREVIOUSLY ACCRUED SUCH AS PROFITS ON SALES OF INVENTORIES ARE CREDITED DIRECTLY TO GENERAL FUND RECEIPTS OR TO TRUST FUND EARNINGS ACCOUNTS.

LINE 1 REVENUES FROM LOANS RECEIVABLE: THIS ACCOUNT REFLECTS THE TOTAL INTEREST ON REHABILITATION LOANS ACCRUED ON THE BOOKS DURING THE FISCAL YEAR. AS STATED ELSEWHERE IN THIS REPORT, THIS AMOUNT DOES NOT REPRESENT ACTUAL EARNINGS ON LOANS FOR THE FISCAL YEAR ON AN ACCRUAL BASIS, SINCE PRIOR TO JUNE 1, 1939, INTEREST ACCRUALS WERE RECORDED IN MEMORANDUM ACCOUNTS ONLY. TWO GENERAL LEDGER ACCOUNTS REFLECTING (1) ACCRUED AND UNCOLLECTED INCOME ON LOANS, AND (2) COLLECTIONS DEPOSITED AS INTEREST ON LOANS TO GENERAL FUND RECEIPTS, WERE COMBINED FOR THE PURPOSE OF THIS REPORT.

LINE 5 REVENUES FROM FIXED PROPERTY: THIS ACCOUNT REFLECTS THE TOTAL INCOME EARNED FOR THE FISCAL YEAR FROM PROJECT RENTALS, PROJECT SALES CONTRACTS AND MISCELLANEOUS PROJECT EARNINGS SUCH AS SALES OF SCRAP, THE COST OF WHICH HAD PREVIOUSLY BEEN CHARGED TO EXPENSE. NO EARNINGS FROM LAND UTILIZATION PROJECTS WERE INCLUDED, AS THESE PROJECTS WERE NO LONGER IN THE CUSTODY OF THIS AGENCY. REHABILITATION PROJECT RENTALS EARNED ARE TRUST FUND EARNINGS, AS AUTHORIZED BY THE BANKHEAD-BLACK ACT.

LINE 9 REVENUES FROM INVENTORIES HELD FOR RE SALE: THIS ACCOUNT REFLECTS PROFITS ON SALES OF CHATTELS PREVIOUSLY REPOSSESSED OR OTHERWISE ACQUIRED FROM BORROWERS. NO SUCH PROFITS ARE DERIVED FROM SALES OF HOUSEHOLD EQUIPMENT TO OCCUPANTS OF PROJECTS AS SALES PRICES ARE BASED ON THE COST OF SUCH HOUSEHOLD EQUIPMENT. INTEREST EARNINGS ON HOUSEHOLD EQUIPMENT SALES CONTRACTS ARE INCLUDED WITH INTEREST EARNINGS ON LOANS.

LINE 11 MISCELLANEOUS REVENUES: THIS ACCOUNT REFLECTS THE PROCEEDS OF SALES OF OTHER THAN PROJECT SCRAP OR SURPLUS MATERIALS DURING THE FISCAL YEAR, THE COST OF WHICH WAS PREVIOUSLY CHARGED AS EXPENSE. NO ADJUSTMENT HAS BEEN MADE BETWEEN FISCAL YEAR PERIODS FOR THIS TYPE OF TRANSACTION.

III - EXPENSES

UNDER THIS CLASSIFICATION ARE INCLUDED NON-CAPITALIZED EXPENDITURES FOR THE FISCAL YEAR, ALL NON-CASH ITEMS OF EXPENSE FOR THE FISCAL YEAR SUCH AS LOSSES ON SALES ARE ALSO INCLUDED HEREIN. EXPENSE ACCOUNTS ARE DEBITED AT THE TIME THAT SUCH EXPENDITURES ARE MADE, AND CREDITED AT THE END OF EACH FISCAL YEAR IN ORDER THAT THE AMOUNTS OF EXPENSE MAY BE CLEARED TO THE CAPITAL ACCOUNT.

LINE 14 GENERAL ADMINISTRATION EXPENSE: THIS ACCOUNT SHOWS THE EXPENSE INCURRED DURING THE FISCAL YEAR FOR ALL ACTIVITY AT THE SEAT OF GOVERNMENT, AND FOR ADMINISTRATIVE ACTIVITY IN REGIONAL OFFICES. SUCH EXPENSE INCLUDES ADMINISTRATIVE SALARIES, TRAVEL EXPENSE AND PROCUREMENT EXPENSE FOR OFFICE SUPPLIES, OFFICE EQUIPMENT, SPACE RENTALS, ETC.

LINE 16 EXPENSE IN CONNECTION WITH LOANS TO FARMERS: THIS ACCOUNT INCLUDES COST OF A NUMBER OF SERVICE ACTIVITIES NECESSARY IN CONNECTION WITH THE LOAN PROGRAM. THESE INCLUDE INVESTIGATION OF APPLICATIONS, SERVICING AND COLLECTING PAYMENTS, PREPARING NOTES AND MORTGAGES, REPOSSESSING, CARING FOR AND DISPOSING OF CHATTELS, ETC. SUCH SERVICES ARE PERFORMED ALMOST ENTIRELY IN COUNTY AND DISTRICT OFFICES.

LINE 19 EXPENSE IN CONNECTION WITH DIRECT RELIEF TO FARMERS: THIS ACCOUNT INCLUDES EXPENDITURES FOR CASH OR COMMODITY GRANTS, AND THE DIRECT EXPENSE INCURRED IN MAKING SUCH GRANTS SUCH AS INVESTIGATION OF APPLICATIONS, AND BUDGETING THE NEEDS OF ELIGIBLE FAMILIES, WHICH WORK IS PERFORMED IN LOCAL COUNTY AND DISTRICT OFFICES.

LINE 23 EXPENSE IN CONNECTION WITH FARM AND HOME MANAGEMENT ASSISTANCE: THIS ACCOUNT REFLECTS EXPENSES INCURRED IN LOCAL COUNTY, DISTRICT, STATE AND REGIONAL OFFICES IN RENDERING ASSISTANCE TO BORROWERS AND RELIEF CLIENTS. THE SALARIES, TRAVEL EXPENSE, ETC. OF PERSONNEL SPECIALIZING IN SUCH SERVICES AS RENDERING ADVICE ON FAMILY BUDGETING, FOOD PREPARATION, CROP PRODUCTION AND FARMING METHODS, ETC. ARE INCLUDED IN THIS ACCOUNT.

LINE 25 EXPENSE IN CONNECTION WITH VOLUNTARY FARM DEBT ADJUSTMENT SERVICES: THIS ACCOUNT REFLECTS THE EXPENSES INCURRED IN LOCAL COUNTY, DISTRICT, STATE AND REGIONAL OFFICES AND EXPENSES INCURRED BY VOLUNTARY COMMITTEES IN RENDERING THIS SERVICE TO BORROWERS AND OTHER FARMERS AND ASSOCIATIONS.

LINE 27 EXPENSE IN CONNECTION WITH FIXED PROPERTY: THIS ACCOUNT REFLECTS THE ANNUAL COST OF MANAGING, OPERATING AND OTHERWISE MAINTAINING REHABILITATION PROJECTS BOTH DURING CONSTRUCTION OF THE PROJECTS AND AFTER COMPLETION. LOSSES INCURRED THROUGH SALE OF CERTAIN PROJECTS AT LESS THAN COST OF CONSTRUCTION, AND PRELIMINARY EXPENSE INCURRED (PLANNING, LAND ACQUISITION, ETC.) ON PROPOSED PROJECTS WHICH WERE LATER DISCONTINUED, ARE ALSO INCLUDED IN THIS ACCOUNT.

LINE 31 EXPENSES IN CONNECTION WITH INVENTORIES HELD FOR RESALE: LOSSES INCURRED BY SALES OF MORTGAGED CHATTELS ACQUIRED AT LESS THAN THE ORIGINAL COST OF THE CREDITS TO BORROWERS ACCOUNTS WHICH SUCH CHATTELS REPRESENT, AND LOSSES IN INVENTORIES DUE TO SPOILAGE OR DEATH OF CHATTELS ARE REFLECTED IN THIS ACCOUNT.

LINE 33 MISCELLANEOUS EXPENSES: INCLUDE THE COST OF EXHIBITS BY THIS AGENCY AT FOUR EXPOSITIONS, AND ALSO EXPENDITURES RESULTING FROM VARIOUS CLAIMS AGAINST THE FARM SECURITY ADMINISTRATION WHICH WERE PAID FROM SPECIAL FUNDS APPROPRIATED FOR THIS PURPOSE.

STATEMENT OF REVENUES AND EXPENSES

FROM INCEPTION TO JUNE 30, 1939

REVENUES			EXPENSES		
	AMOUNT	TOTAL		AMOUNT	TOTAL
1. FROM LOANS RECEIVABLE:			14. ADMINISTRATIVE EXPENSES:		
2. INTEREST EARNED ON REHABILITATION LOANS TO FARM FAMILIES	\$ 21,053,414.59		15. GENERAL ADMINISTRATION		\$ 42,795,975.36
3. INTEREST EARNED ON REHABILITATION LOANS TO CO-OPERATIVE ASSOCIATIONS OF FARMERS	478,523.90		16. NON-ADMINISTRATIVE EXPENSES:		
4. INTEREST EARNED ON LOANS TO FARM TENANT FAMILIES FOR PURCHASE OF FARMS	310,030.09	\$ 21,841,968.58	17. IN CONNECTION WITH LOANS TO FARMERS:		
5. FROM INVESTMENT IN FIXED PROPERTY:			18. MAKING, COLLECTING AND SERVICING REHABILITATION LOANS	\$ 21,264,704.26	
6. REHABILITATION PROJECT RENTALS EARNED	\$ 2,781,311.83		19. TECHNICAL SERVICES - LOANS TO FARM TENANT FAMILIES FOR PURCHASE OF FARMS	729,149.79	
7. INTEREST EARNED FROM SUBSISTENCE HOMESTEAD PROJECT SALES CONTRACTS	144,863.89		20. ESTIMATED LOSS DUE TO APPRAISAL OF VALUE OF LOANS AS OF JUNE 30, 1939	52,639,941.69	74,633,795.74
8. INCOME FROM SALES OF SCRAP, TIMBER, ETC. ON REHABILITATION PROJECTS	117,448.37		21. IN CONNECTION WITH DIRECT RELIEF TO FARMERS:		
9. LAND UTILIZATION PROJECT RENTALS EARNED	4,058.71	3,047,682.80	22. INVESTIGATION OF APPLICATIONS, MAKING AND SERVICING GRANTS	3,794,739.85	
10. FROM INVENTORIES HELD FOR RESALE:			23. CASH GRANTS	95,282,379.55	
11. PROFIT ON SALES OF INVENTORY		8,872.00	24. COMMODITY GRANTS	725,558.51	99,802,677.91
12. MISCELLANEOUS REVENUES:		80,371.43	25. FARM AND HOME MANAGEMENT ASSISTANCE:		
13. TOTAL REVENUES		\$ 24,978,894.81	26. TECHNICAL SERVICES		27,020,038.16
			27. VOLUNTARY FARM DEBT ADJUSTMENT:		
			28. DEBT ADJUSTMENT SERVICES (INCLUDING COUNTY COMMITTEES)		6,698,474.69
			29. IN CONNECTION WITH INVESTMENT IN FIXED PROPERTY:		
			30. MANAGEMENT, OPERATION AND MAINTENANCE OF REHABILITATION PROJECTS	\$ 9,960,465.47	
			31. PRELIMINARY EXPENSE INCURRED ON DISCONTINUED REHABILITATION PROJECTS	719,823.59	
			32. LOSS ON SALES OF SUBSISTENCE HOMESTEAD PROJECTS	1,314,262.94	
			33. MANAGEMENT, OPERATION AND MAINTENANCE OF LAND UTILIZATION PROJECTS	1,383,302.64	
			34. PRELIMINARY EXPENSE INCURRED ON DISCONTINUED LAND UTILIZATION PROJECTS	234,940.71	13,612,695.35
			35. IN CONNECTION WITH INVENTORIES HELD FOR RESALE:		
			36. INVENTORY SHRINKAGE AND LOSSES ON SALES	\$ 32,860.81	
			37. ESTIMATED LOSS DUE TO APPRAISAL OF INVENTORIES AS OF JUNE 30, 1939	7,589.33	40,450.14
			38. MISCELLANEOUS ITEMS:		
			39. EXPOSITION EXHIBIT EXPENSES	\$ 8,497.93	
			40. OTHER EXPENSES (CLAIMS, REFUNDS, ETC.)	227,121.50	235,619.43
			41. TOTAL EXPENSES		\$264,939,726.79
			42. NET LOSS		\$239,860,831.97

REVENUE AND EXPENSE STATEMENT ADJUSTMENTS

		FOR FISCAL YEAR 1939							
		REVENUES AND EXPENSES PER BOOKS - 1939		ADJUSTMENTS TO ACCRUAL BASIS		ADJUSTMENTS TO CURRENT APPRAISED VALUATIONS		REVENUES AND EXPENSES ADJUSTED - 1939	
REVENUES		AMOUNT	TOTAL	AMOUNT	TOTAL	AMOUNT	TOTAL	AMOUNT	TOTAL
1.	FROM LOANS RECEIVABLE:								
2.	INTEREST EARNED ON RURAL REHABILITATION LOANS	\$ 1,156,682.95		\$ 17,819,986.68				\$ 18,976,669.63	(1)
3.	INTEREST EARNED ON CORPORATION LOANS	331,027.03		65,851.22				396,878.25	
4.	INTEREST EARNED ON TENANT PURCHASE LOANS	71,736.26	\$ 1,559,446.24	238,293.83	\$ 18,124,131.73			310,030.09	\$ 19,683,577.97
5.	FROM INVESTMENT IN FIXED PROPERTY:								
6.	RURAL REHABILITATION PROJECT RENTALS EARNED	\$ 1,542,663.15		\$ 280,181.82				\$ 1,822,844.97	(2)
7.	INTEREST EARNED FROM SUBSISTENCE HOMESTEAD PROJECT SALES CONTRACT	51,768.94						51,768.94	
8.	INCOME FROM SALES OF SCRAP, TIMBER, ETC. ON REHABILITATION PROJECTS	39,892.53	1,634,324.62		280,181.82			39,892.53	1,914,506.44
9.	FROM INVENTORIES HELD FOR RESALE:								
10.	PROFIT ON SALES OF INVENTORY		5,048.71						5,048.71
11.	MISCELLANEOUS REVENUES:		31,495.52						31,495.52
12.	TOTAL REVENUES		\$ 3,230,315.09		\$ 18,404,313.55				\$ 21,634,628.64
EXPENSES									
13.	ADMINISTRATIVE EXPENSES:								
14.	GENERAL ADMINISTRATION		\$ 7,423,026.47						\$ 7,423,026.47
15.	NON-ADMINISTRATIVE EXPENSES:								
16.	IN CONNECTION WITH LOANS TO FARMERS:								
17.	MAKING, COLLECTING AND SERVICING REHABILITATION LOANS	\$ 6,117,019.25						\$ 6,117,019.25	
18.	TECHNICAL SERVICES-LOANS TO FARM TENANT FAMILIES FOR PURCHASE OF FARMS	563,176.13						563,176.13	
19.	ESTIMATED LOSS DUE TO APPRAISAL OF VALUE OF LOANS AS OF JUNE 30, 1939		\$ 6,680,195.38			\$ 52,639,941.69	\$ 52,639,941.69	52,639,941.69	\$ 59,320,137.07 (3)
20.	IN CONNECTION WITH DIRECT RELIEF TO FARMERS:								
21.	INVESTIGATION OF APPLICATIONS, MAKING AND SERVICING GRANTS	\$ 944,242.43						\$ 944,242.43	
22.	CASH GRANTS	22,078,369.59						22,078,369.59	
23.	COMMODITY GRANTS	634,931.17	\$ 23,657,543.19					634,931.17	\$ 23,657,543.19
24.	FARM AND HOME MANAGEMENT ASSISTANCE:								
25.	TECHNICAL SERVICES		\$ 9,377,145.31						\$ 9,377,145.31
26.	VOLUNTARY FARM DEBT ADJUSTMENT:								
27.	DEBT ADJUSTMENT SERVICES (INCLUDING COUNTY COMMITTEES)		\$ 1,641,081.20						\$ 1,641,081.20
28.	IN CONNECTION WITH INVESTMENT IN FIXED PROPERTY:								
29.	MANAGEMENT, OPERATION AND MAINTENANCE OF REHABILITATION PROJECTS	\$ 3,094,190.85		\$ 1,184,620.73				\$ 4,278,811.58	(4)
30.	PRELIMINARY EXPENSE INCURRED ON DISCONTINUED REHABILITATION PROJ.	17,457.20						17,457.20	
31.	LOSS ON SALES OF SUBSISTENCE HOMESTEAD PROJECTS	883,696.94	\$ 3,995,344.99		\$ 1,184,620.73			883,696.94	\$ 5,179,965.72
32.	IN CONNECTION WITH INVENTORIES HELD FOR RESALE:								
33.	INVENTORY SHRINKAGE AND LOSSES ON SALES	\$ 11,203.38						\$ 11,203.38	
34.	ESTIMATED LOSS DUE TO APPRAISAL OF INVENTORIES AS OF JUNE 30, 1939		\$ 11,203.38			\$ 7,589.33	\$ 7,589.33	7,589.33	\$ 18,792.71 (5)
35.	MISCELLANEOUS ITEMS:								
36.	OTHER EXPENSES (CLAIMS, REFUNDS, ETC.)	\$ 156,381.35	\$ 156,381.35					\$ 156,381.35	\$ 156,381.35
37.	TOTAL EXPENSES		\$ 52,941,921.27		\$ 1,184,620.73		\$ 52,647,531.02		\$ 106,774,073.02
38.	PROFIT AND LOSS		\$ 49,711,606.18 *		\$ 17,219,692.82		\$ 52,647,531.02 *		\$ 85,139,444.38 *

FOOTNOTES: * INDICATES NET LOSS.

(1) INTEREST PREVIOUSLY ACCRUED ON MEMORANDUM BASIS ONLY.

(2) RENTALS ACCRUED FROM LAST BILLING DATE TO JUNE 30, 1939.

(3) LOANS (INCLUDING ACCRUED INTEREST) RECEIVABLE VALUED AT 82.4%; SEE STATEMENT NO. 1-39A, SHEET 4 FOR DETAIL OF EVALUATION.

(4) ADJUSTMENT (EXCLUSIVE OF ADJUSTMENTS FOR ASSETS TRANSFERRED TO OTHER AGENCIES) MADE ON BASIS OF COST ANALYSES FOR 49 COMPLETED PROJECTS; NO ADJUSTMENT MADE FOR BALANCE OF PROJECTS (85) FOR WHICH COST ANALYSES ARE NOT YET AVAILABLE.

(5) FUTURE LOSSES ON REPOSSESSED CHATTELS ESTIMATED AT 3.6% (SAME RATE AS EXPERIENCED IN PAST).

STATEMENT OF REVENUES AND EXPENSES

FOR FISCAL YEAR 1939

REVENUES			EXPENSES		
	AMOUNT	TOTAL		AMOUNT	TOTAL
1. FROM LOANS RECEIVABLE:			13. ADMINISTRATIVE EXPENSES:		
2. INTEREST EARNED ON REHABILITATION LOANS TO FARM FAMILIES	\$ 1,156,682.95		14. GENERAL ADMINISTRATION		\$ 7,423,026.47
3. INTEREST EARNED ON REHABILITATION LOANS TO CO-OPERATIVE ASSOCIATIONS OF FARMERS	331,027.03		15. NON-ADMINISTRATIVE EXPENSES:		
4. INTEREST EARNED ON LOANS TO FARM TENANT FAMILIES FOR PURCHASE OF FARMS	71,736.26	\$ 1,559,446.24	16. IN CONNECTION WITH LOANS TO FARMERS:	\$ 6,117,019.25	
5. FROM INVESTMENT IN FIXED PROPERTY:			17. MAKING, COLLECTING AND SERVICING REHABILITATION LOANS		
6. REHABILITATION PROJECT RENTALS EARNED	\$ 1,542,663.15		18. TECHNICAL SERVICES - LOANS TO FARM TENANT FAMILIES FOR PURCHASE OF FARMS	563,176.13	6,680,195.38
7. INTEREST EARNED FROM SUBSISTENCE HOMESTEAD PROJECT SALES CONTRACTS	51,768.94		19. IN CONNECTION WITH DIRECT RELIEF TO FARMERS:		
8. INCOME FROM SALES OF SCRAP, TIMBER, ETC. ON REHABILITATION PROJECTS	39,892.53	1,634,324.62	20. INVESTIGATION OF APPLICATIONS, MAKING AND SERVICING GRANTS	\$ 944,242.43	
9. FROM INVENTORIES HELD FOR RESALE:			21. CASH GRANTS	22,078,369.59	
10. PROFIT ON SALES OF INVENTORY		5,048.71	22. COMMODITY GRANTS	634,931.17	23,657,543.19
11. MISCELLANEOUS REVENUES:		31,495.52	23. FARM AND HOME MANAGEMENT ASSISTANCE:		
12. TOTAL REVENUES		\$ 3,230,315.09	24. TECHNICAL SERVICES		9,377,145.31
			25. VOLUNTARY FARM DEBT ADJUSTMENT:		
			26. DEBT ADJUSTMENT SERVICES (INCLUDING COUNTY COMMITTEES)		1,641,081.20
			27. IN CONNECTION WITH INVESTMENT IN FIXED PROPERTY:		
			28. MANAGEMENT, OPERATION AND MAINTENANCE OF REHABILITATION PROJECTS	\$ 3,094,190.85	
			29. PRELIMINARY EXPENSE INCURRED ON DISCONTINUED REHABILITATION PROJECTS	17,457.20	
			30. LOSS ON SALES OF SUBSISTENCE HOMESTEAD PROJECTS	883,696.94	3,995,344.99
			31. IN CONNECTION WITH INVENTORIES HELD FOR RESALE:		
			32. INVENTORY SHRINKAGE AND LOSSES ON SALES		11,203.38
			33. MISCELLANEOUS ITEMS:		
			34. OTHER EXPENSES (CLAIMS, REFUNDS, ETC.)		156,381.35
			35. TOTAL EXPENSES		\$ 52,941,921.27
			36. NET LOSS		\$ 49,711,606.18

STATEMENT OF REVENUES AND EXPENSESFOR FISCAL YEAR 1938

<u>REVENUES</u>		<u>AMOUNT</u>	<u>TOTAL</u>	<u>EXPENSES</u>		<u>AMOUNT</u>	<u>TOTAL</u>
1. <u>FROM LOANS RECEIVABLE:</u>				12. <u>ADMINISTRATIVE EXPENSES:</u>			
2. INTEREST EARNED ON REHABILITATION LOANS TO FARM FAMILIES	\$ 1,176,710.23			13. GENERAL ADMINISTRATION		\$ 8,557,500.31	
3. INTEREST EARNED ON REHABILITATION LOANS TO CO-OPERATIVE ASSOCIATIONS OF FARMERS	46,143.99	\$ 1,222,854.22		14. <u>NON-ADMINISTRATIVE EXPENSES:</u>			
4. <u>FROM INVESTMENT IN FIXED PROPERTY:</u>				15. <u>IN CONNECTION WITH LOANS TO FARMERS:</u>			
5. REHABILITATION PROJECT RENTALS EARNED	\$ 665,770.17			16. MAKING, COLLECTING AND SERVICING REHABILITATION LOANS	\$ 4,000,003.60		
6. INTEREST EARNED FROM SUBSISTENCE HOMESTEAD PROJECT SALES CONTRACTS	46,884.59			17. TECHNICAL SERVICES - LOANS TO FARM TENANT FAMILIES FOR PURCHASE OF FARMS	165,973.66	4,165,977.26	
7. INCOME FROM SALES OF SCRAP, TIMBER, ETC. ON REHABILITATION PROJECTS	54,898.51	767,553.27		18. <u>IN CONNECTION WITH DIRECT RELIEF TO FARMERS:</u>			
8. <u>FROM INVENTORIES HELD FOR RESALE:</u>				19. INVESTIGATION OF APPLICATIONS, MAKING AND SERVICING GRANTS	\$ 881,442.52		
9. PROFIT ON SALES OF INVENTORY		3,783.69		20. CASH GRANTS	22,943,558.14		
10. <u>MISCELLANEOUS REVENUES:</u>		45,826.21		21. COMMODITY GRANTS	90,627.34	23,915,628.00	
11. <u>TOTAL REVENUES</u>		\$ 2,040,017.39		22. <u>FARM AND HOME MANAGEMENT ASSISTANCE:</u>			
				23. TECHNICAL SERVICES		6,143,333.45	
				24. <u>VOLUNTARY FARM DEBT ADJUSTMENT:</u>			
				25. DEBT ADJUSTMENT SERVICES (INCLUDING COUNTY COMMITTEES)		1,424,037.69	
				26. <u>IN CONNECTION WITH INVESTMENT IN FIXED PROPERTY:</u>			
				27. MANAGEMENT, OPERATION AND MAINTENANCE OF REHABILITATION PROJECTS	\$ 2,121,196.18		
				28. PRELIMINARY EXPENSE INCURRED ON DISCONTINUED REHABILITATION PROJECTS	10,286.94		
				29. LOSS ON SALES OF SUBSISTENCE HOMESTEAD PROJECTS	78,385.43	2,209,868.55	
				30. <u>IN CONNECTION WITH INVENTORIES HELD FOR RESALE:</u>			
				31. INVENTORY SHRINKAGE AND LOSSES ON SALES		21,443.01	
				32. <u>MISCELLANEOUS ITEMS:</u>			
				33. EXPOSITION EXHIBIT EXPENSES	\$ 2,189.77		
				34. OTHER EXPENSES (CLAIMS, REFUNDS, ETC.)	1,699.15	3,888.92	
				35. <u>TOTAL EXPENSES</u>		\$ 46,441,677.19	
				36. <u>NET LOSS</u>		\$ 44,401,659.80	

STATEMENT OF REVENUES AND EXPENSESFOR FISCAL YEAR 1937

<u>REVENUES</u>			<u>EXPENSES</u>		
	<u>AMOUNT</u>	<u>TOTAL</u>		<u>AMOUNT</u>	<u>TOTAL</u>
1. <u>FROM LOANS RECEIVABLE:</u>			13. <u>ADMINISTRATIVE EXPENSES:</u>		
2. INTEREST EARNED ON REHABILITATION LOANS TO FARM FAMILIES	\$ 890,095.27		14. GENERAL ADMINISTRATION		\$ 15,281,310.93
3. INTEREST EARNED ON REHABILITATION LOANS TO CO-OPERATIVE ASSOCIATIONS OF FARMERS	35,501.66	\$ 925,596.93	15. <u>NON-ADMINISTRATIVE EXPENSES:</u>		
4. <u>FROM INVESTMENT IN FIXED PROPERTY:</u>			16. <u>IN CONNECTION WITH LOANS TO FARMERS:</u>		
5. REHABILITATION PROJECT RENTALS EARNED	\$ 214,560.52		17. MAKING, COLLECTING AND SERVICING REHABILITATION LOANS		5,150,269.58
6. INTEREST EARNED FROM SUBSISTENCE HOMESTEAD PROJECT SALES CONTRACTS	28,876.30		18. <u>IN CONNECTION WITH DIRECT RELIEF TO FARMERS:</u>		
7. INCOME FROM SALES OF SCRAP, TIMBER, ETC. ON REHABILITATION PROJECTS	17,374.79		19. INVESTIGATION OF APPLICATIONS, MAKING AND SERVICING GRANTS	\$ 999,775.94	
8. LAND UTILIZATION PROJECT RENTALS EARNED	3,308.71	264,120.32	20. CASH GRANTS	35,161,288.28	36,161,064.22
9. <u>FROM INVENTORIES HELD FOR RESALE:</u>			21. <u>FARM AND HOME MANAGEMENT ASSISTANCE:</u>		
10. PROFIT ON SALES OF INVENTORY		39.60	22. TECHNICAL SERVICES		6,350,266.55
11. <u>MISCELLANEOUS REVENUES:</u>		2,375.02	23. <u>VOLUNTARY FARM DEBT ADJUSTMENT:</u>		
12. <u>TOTAL REVENUES</u>		\$ 1,192,131.87	24. DEBT ADJUSTMENT SERVICES (INCLUDING COUNTY COMMITTEES)		2,111,199.85
			25. <u>IN CONNECTION WITH INVESTMENT IN FIXED PROPERTY:</u>		
			26. MANAGEMENT, OPERATION AND MAINTENANCE OF REHABILITATION PROJECTS	\$ 2,286,397.05	
			27. PRELIMINARY EXPENSE INCURRED ON DISCONTINUED REHABILITATION PROJECTS	114,108.64	
			28. LOSS ON SALES OF SUBSISTENCE HOMESTEAD PROJECTS	215,222.64	
			29. MANAGEMENT, OPERATION AND MAINTENANCE OF LAND UTILIZATION PROJECTS	200,804.08	
			30. PRELIMINARY EXPENSE INCURRED ON DISCONTINUED LAND UTILIZATION PROJECTS	78,417.65	2,894,950.66
			31. <u>IN CONNECTION WITH INVENTORIES HELD FOR RESALE:</u>		
			32. INVENTORY SHRINKAGE AND LOSSES ON SALES		214.42
			33. <u>MISCELLANEOUS ITEMS:</u>		
			34. EXPOSITION EXHIBIT EXPENSES	\$ 6,308.16	
			35. OTHER EXPENSES (CLAIMS, REFUNDS, ETC.)	69,041.00	75,349.16
			36. <u>TOTAL EXPENSES</u>		\$ 68,024,625.37
			37. <u>NET LOSS</u>		\$ 66,832,493.50

STATEMENT OF REVENUES AND EXPENSESFOR FISCAL YEAR 1936

<u>REVENUES</u>			<u>EXPENSES</u>		
	<u>AMOUNT</u>	<u>TOTAL</u>		<u>AMOUNT</u>	<u>TOTAL</u>
1. <u>FROM LOANS RECEIVABLE:</u>			10. <u>ADMINISTRATIVE EXPENSES:</u>		
2. INTEREST EARNED ON REHABILITATION LOANS TO FARM FAMILIES		\$ 9,939.46	11. GENERAL ADMINISTRATION		\$ 11,411,350.26
3. <u>FROM INVESTMENT IN FIXED PROPERTY:</u>			12. <u>NON-ADMINISTRATIVE EXPENSES:</u>		
4. REHABILITATION PROJECT RENTALS EARNED	\$ 58,036.65		13. <u>IN CONNECTION WITH LOANS TO FARMERS:</u>		
5. INTEREST EARNED FROM SUBSISTENCE HOMESTEAD PROJECT SALES CONTRACTS	17,334.06		14. MAKING, COLLECTING AND SERVICING REHABILITATION LOANS		5,997,411.83
6. INCOME FROM SALES OF SCRAP, TIMBER, ETC. ON REHABILITATION PROJECTS	5,282.54		15. <u>IN CONNECTION WITH DIRECT RELIEF TO FARMERS:</u>		
7. LAND UTILIZATION PROJECT RENTALS EARNED	<u>750.00</u>	81,403.25	16. INVESTIGATION OF APPLICATIONS, MAKING AND SERVICING GRANTS	\$ 969,278.96	
8. <u>MISCELLANEOUS REVENUES:</u>		674.68	17. CASH GRANTS	<u>15,099,163.54</u>	16,068,442.50
9. <u>TOTAL REVENUES</u>		<u>\$ 92,017.39</u>	18. <u>FARM AND HOME MANAGEMENT ASSISTANCE:</u>		
			19. TECHNICAL SERVICES		5,149,292.85
			20. <u>VOLUNTARY FARM DEBT ADJUSTMENT:</u>		
			21. DEBT ADJUSTMENT SERVICES (INCLUDING COUNTY COMMITTEES)		1,522,155.95
			22. <u>IN CONNECTION WITH INVESTMENT IN FIXED PROPERTY:</u>		
			23. MANAGEMENT, OPERATION AND MAINTENANCE OF REHABILITATION PROJECTS	\$ 1,205,933.40	
			24. PRELIMINARY EXPENSE INCURRED ON DISCONTINUED REHABILITATION PROJECTS	575,111.72	
			25. LOSS ON SALES OF SUBSISTENCE HOMESTEAD PROJECTS	136,957.93	
			26. MANAGEMENT, OPERATION AND MAINTENANCE OF LAND UTILIZATION PROJECTS	1,138,468.21	
			27. PRELIMINARY EXPENSE INCURRED ON DISCONTINUED LAND UTILIZATION PROJECTS	<u>156,423.06</u>	3,212,894.32
			28. <u>TOTAL EXPENSES</u>		<u>\$ 43,361,547.71</u>
			29. <u>NET LOSS</u>		<u>\$ 43,269,530.32</u>

STATEMENT OF REVENUES AND EXPENSES
FOR FISCAL YEAR 1935

		AMOUNT	TOTAL			AMOUNT	TOTAL
REVENUES				EXPENSES			
1.	FROM INVESTMENT IN FIXED PROPERTY:			4.	ADMINISTRATIVE EXPENSES:		
				5.	GENERAL ADMINISTRATION	\$	122,787.39
2.	REHABILITATION PROJECT RENTALS EARNED	\$	20,099.52	6.	NON-ADMINISTRATIVE EXPENSES:		
				7.	IN CONNECTION WITH FIXED PROPERTY:		
				8.	MANAGEMENT, OPERATION AND MAINTENANCE OF REHABILITATION PROJECTS	\$	68,126.66
				9.	PRELIMINARY EXPENSE INCURRED ON DISCONTINUED REHABILITATION PROJECTS		2,859.09
				10.	MANAGEMENT, OPERATION AND MAINTENANCE OF LAND UTILIZATION PROJECTS	44,030.35	115,016.10
3.	TOTAL REVENUES	\$	20,099.52	11.	TOTAL EXPENSES	\$	237,803.49
				12.	NET LOSS	\$	217,703.97

DETAILED SCHEDULE OF BALANCE SHEET ITEMS

AS OF JUNE 30, 1939

ASSETS

DESCRIPTION	DATE OF ACQUISITION	MANNER OF ACQUISITION	VALUE AT TIME OF ACQUISITION			EXPENSES INCURRED THEREON		TOTAL COST INCLUDING EXPENSES	BOOK VALUE JUNE 30, 1939	APPRAISED VALUE JUNE 30, 1939
			ORIGINAL VALUE	PRINCIPAL REPAYMENTS	BALANCE OUTSTANDING	CAPITALIZED EXPENSES	NON-CAPITALIZED EXPENSES			
1. <u>LOANS RECEIVABLE:</u>										
2. <u>REHABILITATION LOANS TO FARM FAMILIES (898,737 LOANS TO 422,821 BORROWERS)</u>	VARIOUS	CASH & PROPERTY ADVANCES	\$328,592,718.42	\$ 83,302,283.35	\$245,290,435.07	\$ 51,508.35	\$ 15,854,465.35 (1)	\$261,196,409.27	\$245,341,343.92	\$196,218,225.71
3. <u>REHABILITATION LOANS TO COOPERATIVE ASSOCIATIONS OF FARMERS:</u>										
4. ARTHURDALE ASSOCIATION	DEC. 5, 1935	CASH ADVANCE	\$ 664,950.00		\$ 664,950.00			\$ 664,950.00	\$ 664,950.00	\$ 664,950.00
5. ASHWOOD COOPERATIVE ASSOCIATION	SEPT. 22, 1937	"	128,288.00	\$ 1,704.27	126,583.73			128,288.00	126,583.73	126,583.73
6. ATASCADERO TRADING ASSOCIATION	AUG. 15, 1936	"	96,786.50	20,733.00	76,053.50			96,786.50	76,053.50	
7. BOIS D'ARC FARM, INCORPORATED	MAR. 18, 1938	"	64,940.00		64,940.00			64,940.00	64,940.00	64,940.00
8. CASA GRANDE VALLEY FARMS, INCORPORATED	FEB. 2, 1938	"	173,288.00		173,288.00			173,288.00	173,288.00	173,288.00
9. CHANDLER FARMS, INCORPORATED	MAR. 22, 1938	"	34,598.00		34,598.00			34,598.00	34,598.00	34,598.00
10. CHICOT HOMESTEAD ASSOCIATION	DEC. 29, 1938	"	69,584.78		69,584.78			69,584.78	69,584.78	69,584.78
11. CLARKSDALE HOMESTEAD ASSOCIATION	FEB. 27, 1939	"	72,980.00		72,980.00			72,980.00	72,980.00	72,980.00
12. CLOVER BEND COOPERATIVE ASSOCIATION	AUG. 31, 1938	"	35,430.00		35,430.00			35,430.00	35,430.00	35,430.00
13. CRIGLER COOPERATIVE ASSOCIATION	AUG. 17, 1937	"	45,820.00		45,820.00			45,820.00	45,820.00	45,820.00
14. CUMBERLAND COOPERATIVE COMPANY	SEPT. 19, 1938	"	550,000.00		550,000.00			550,000.00	550,000.00	550,000.00
15. CUMBERLAND HOMESTEAD COOPERATIVE ASSOCIATION	JAN. 25, 1936	"	550,000.00		550,000.00			550,000.00	550,000.00	550,000.00
16. DESHEE FARMS, INCORPORATED	MAR. 9, 1938	"	71,000.00		71,000.00			71,000.00	71,000.00	71,000.00
17. EAST CAROLINA FARMERS COOPERATIVE ASSOCIATION	AUG. 6, 1936	"	33,500.00	50.00	33,450.00			33,500.00	33,450.00	33,450.00
18. FARMERS' UNION COOPERATIVE ASSOC. OF WILLISTON, N. DAK.	FEB. 24, 1936	"	207,099.58		207,099.58			207,099.58	207,099.58	207,099.58
19. FOREST PRODUCTS ASSOCIATION, INCORPORATED	MAY 21, 1936	"	100,000.00		100,000.00			100,000.00	100,000.00	100,000.00
20. HILL VIEW FARMS, INCORPORATED	MAR. 18, 1938	"	35,890.00		35,890.00			35,890.00	35,890.00	35,890.00
21. HOMESTEAD INDUSTRIAL COMPANY	SEPT. 30, 1938	"	310,000.00		310,000.00			310,000.00	310,000.00	310,000.00
22. HOPE WATER USERS ASSOCIATION	JUNE 28, 1937	"	28,800.00	1,529.92	27,270.18			28,800.00	27,270.18	27,270.18
23. IRWINVILLE COOPERATIVE ASSOCIATION	SEPT. 22, 1937	"	63,146.38	1,439.31	61,707.07			63,146.38	61,707.07	61,707.07
24. JERSEY HOMESTEADERS AGRICULTURAL ASSOCIATION	OCT. 29, 1936	"	133,692.52		133,692.52			133,692.52	133,692.52	133,692.52
25. JERSEY HOMESTEADERS INDUSTRIAL COOPERATIVE ASSOCIATION	JULY 2, 1938	"	150,000.00		150,000.00			150,000.00	150,000.00	150,000.00
26. KINSEY FARMS, INCORPORATED	MAY 2, 1939	"	100,000.00		100,000.00			100,000.00	100,000.00	100,000.00
27. LADELTA COOPERATIVE ASSOCIATION, INCORPORATED	MAR. 8, 1939	"	192,500.00		192,500.00			192,500.00	192,500.00	192,500.00
28. LAKE DICK COOPERATIVE ASSOCIATION	AUG. 17, 1937	"	46,305.00		46,305.00			46,305.00	46,305.00	46,305.00
29. LAKE DICK FARMS, INCORPORATED	AUG. 17, 1937	"	58,188.00	436.00	57,752.00			58,188.00	57,752.00	57,752.00
30. LAKE VIEW COOPERATIVE, INCORPORATED	AUG. 17, 1937	"	47,115.00		47,115.00			47,115.00	47,115.00	47,115.00
31. MISCO HOMESTEAD ASSOCIATION, INCORPORATED	FEB. 2, 1939	"	111,120.00		111,120.00			111,120.00	111,120.00	111,120.00
32. NORTH DAKOTA FARMERS MUTUAL AID ASSOCIATION	OCT. 3, 1936	"	50,000.00		50,000.00			50,000.00	50,000.00	50,000.00
33. OTSEGO FOREST PRODUCTS COOPERATIVE ASSOCIATION	JUNE 29, 1937	"	152,808.00		152,808.00			152,808.00	152,808.00	152,808.00
34. PENDERLEA FARMS HOMESTEAD ASSOCIATION, INCORPORATED	MAR. 19, 1938	"	843,770.00	1,728.57	842,041.43			843,770.00	842,041.43	842,041.43
35. PLUM BAYOU COOPERATIVE ASSOCIATION	FEB. 10, 1937	"	32,095.00		32,095.00			32,095.00	32,095.00	32,095.00
36. PLUM BAYOU HOMESTEAD ASSOCIATION	OCT. 19, 1937	"	287,382.05		287,382.05			287,382.05	287,382.05	287,382.05
37. POINSETT HOMESTEAD ASSOCIATION, INCORPORATED	FEB. 16, 1939	"	57,514.00		57,514.00			57,514.00	57,514.00	57,514.00
38. RED BANK MUTUAL ASSOCIATION	SEPT. 17, 1938	"	50,000.00		50,000.00			50,000.00	50,000.00	50,000.00
39. RED HOUSE ASSOCIATION	SEPT. 19, 1938	"	1,000,000.00		1,000,000.00			1,000,000.00	1,000,000.00	1,000,000.00
40. ROANOKE FARMERS MUTUAL ASSOCIATION	OCT. 8, 1937	"	96,405.50	2,213.38	94,192.12			96,405.50	94,192.12	94,192.12
41. SCUPPERNONG MUTUAL ASSOCIATION	SEPT. 17, 1938	"	65,000.00		65,000.00			65,000.00	65,000.00	65,000.00
42. SKYLINE FARMS HOMESTEAD ASSOCIATION	JAN. 20, 1937	"	42,300.00	1,847.98	40,452.02			42,300.00	40,452.02	40,452.02
43. SKYLINE INDUSTRIAL COMPANY	SEPT. 20, 1938	"	490,000.00		490,000.00			490,000.00	490,000.00	490,000.00
44. SUN FLOWER FARMS, INCORPORATED	JAN. 31, 1939	"	260,554.50		260,554.50			260,554.50	260,554.50	260,554.50
45. SWEET POTATO GROWERS, INCORPORATED	DEC. 18, 1936	"	143,766.17	5,244.04	138,522.13			143,766.17	138,522.13	138,522.13

DETAILED SCHEDULE OF BALANCE SHEET ITEMS

AS OF JUNE 30, 1939

ASSETS

DESCRIPTION	DATE OF ACQUISITION	MANNER OF ACQUISITION	VALUE AT TIME OF ACQUISITION			EXPENSES INCURRED THEREON		TOTAL COST INCLUDING EXPENSES	BOOK VALUE JUNE 30, 1939	APPRAISED VALUE JUNE 30, 1939
			ORIGINAL VALUE	PRINCIPAL REPAYMENTS	BALANCE OUTSTANDING	CAPITALIZED EXPENSES	NON-CAPITALIZED EXPENSES			
LOANS RECEIVABLE (CONT.):										
REHABILITATION LOANS TO COOPERATIVE ASSOCIATIONS OF FARMERS (CONT.):										
46. TERREBONNE ASSOCIATION, INCORPORATED	JAN. 31, 1939	CASH ADVANCE	\$ 257,500.00		\$ 257,500.00			\$ 257,500.00	\$ 257,500.00	\$ 257,500.00
47. TILLERY MUTUAL ASSOCIATION	JAN. 28, 1938	"	41,199.50	\$ 400.65	40,798.85			41,199.50	40,798.85	40,798.85
48. TOWNES FARMS COOPERATIVE ASSOCIATION	MAR. 21, 1939	"	51,240.00		51,240.00			51,240.00	51,240.00	51,240.00
49. TRANSYLVANIA ASSOCIATION, INCORPORATED	FEB. 1, 1939	"	287,500.00		287,500.00			287,500.00	287,500.00	287,500.00
50. TWO RIVERS NON-STOCK COOPERATIVE ASSOCIATION	DEC. 11, 1936	"	68,640.24		68,640.24			68,640.24	68,640.24	68,640.24
51. TYGART VALLEY ASSOCIATION	JAN. 7, 1936	"	730,000.00		730,000.00			730,000.00	730,000.00	730,000.00
52. WESTMORELAND COMMUNITY ENTERPRISES, INCORPORATED	JUNE 30, 1937	"	230,000.00		230,000.00			230,000.00	230,000.00	230,000.00
53. WESTMORELAND HOMESTEADERS ASSOCIATION	JAN. 20, 1936	"	350,000.00		350,000.00			350,000.00	350,000.00	350,000.00
54. WICHITA VALLEY COOPERATIVE ASSOCIATION	APR. 8, 1938	"	38,625.00		38,625.00			38,625.00	38,625.00	38,625.00
55. WOODLAKE FARMERS COOPERATIVE ASSOCIATION	SEPT. 28, 1937	"	33,000.00		33,000.00			33,000.00	33,000.00	33,000.00
56. ALL OTHERS COMBINED (130 ITEMS)	VARIOUS	"	1,015,937.02	84,157.97	931,779.05			1,015,937.02	931,779.05	926,142.53
57. UNDISTRIBUTED ITEMS							\$ 39,489.46			2,145,694.45 CR.
58. TOTALS REHABILITATION LOANS TO COOPERATIVE ASSOC. OF FARMERS			\$ 10,850,258.74	\$ 121,484.99	\$ 10,728,773.75		\$ 39,489.46	\$ 10,768,263.21	\$ 10,728,773.75	\$ 8,501,389.28
59. LOANS TO FARM TENANT FAMILIES FOR PURCHASE OF FARMS (4,494 LOANS)	VARIOUS	CASH ADVANCE	\$ 23,404,977.55	\$ 105,702.85	\$ 23,299,274.70		\$ 729,149.79	\$ 24,028,424.49	\$ 23,299,274.70	\$ 23,299,274.70
60. TOTALS LOANS RECEIVABLE (903,436 LOANS TO 427,497 BORROWERS)			\$362,847,954.71	\$ 83,529,471.19	\$279,318,483.52	\$ 51,508.85	\$ 16,623,104.60	\$295,993,096.97	\$279,369,992.37	\$228,718,889.69

FOOTNOTE: (1) TOTAL NON-CAPITALIZED EXPENSE IN CONNECTION WITH LOANS TO FARM FAMILIES WAS \$21,224,183.87; THE AMOUNT SHOWN IS AN ESTIMATE (PRO-RATA) OF THE EXPENSE INCURRED ON THE OUTSTANDING PORTION OF THESE LOANS.

DETAILED SCHEDULE OF BALANCE SHEET ITEMSAS OF JUNE 30, 1939ASSETS

	DATE OF ACQUISITION	MANNER OF ACQUISITION	VALUE AT TIME OF ACQUISITION	EXPENSES INCURRED THEREON		TOTAL COST INCLUDING EXPENSES	BOOK VALUE JUNE 30, 1939	APPRAISED VALUE JUNE 30, 1939
				CAPITALIZED EXPENSES	NON-CAPITALIZED EXPENSES			
61. <u>TRUST FUND CASH:</u>								
62. OPERATION AND MAINTENANCE-REHABILITATION PROJECTS	VARIOUS	COLLECTION	\$ 1,401,942.92			\$ 1,401,942.92	\$ 1,401,942.92	\$ 1,401,942.92
63. DEPOSITS TOWARD PURCHASE OF LAND-REHABILITATION PROJECTS	"	"	13,613.87			13,613.87	13,613.87	13,613.87
64. DEPOSITS OF AGRICULTURAL ADJUSTMENT PROGRAM PAYMENT DEDUCTIONS	"	"	57,118.94			57,118.94	57,118.94	57,118.94
65. DEPOSITS OF UNCLAIMED MONEYS	"	"	2,512.37			2,512.37	2,512.37	2,512.37
66. DEPOSITS OF UNEARNED GRAZING FEES	"	"	41,428.04			41,428.04	41,428.04	41,428.04
67. <u>TOTALS TRUST FUND CASH</u>			<u>\$ 1,516,616.14</u>			<u>\$ 1,516,616.14</u>	<u>\$ 1,516,616.14</u>	<u>\$ 1,516,616.14</u>
68. <u>ACCOUNTS RECEIVABLE:</u>								
69. <u>SUBSISTENCE HOMESTEAD PROJECT SALES CONTRACTS:</u>								
70. AUSTIN ACRES	FEB. 1, 1939	PURCHASE, CONSTRUCTION	\$ 63,796.00	\$ 149,431.87	\$ 213,227.87	\$ 44,217.62	\$ 44,217.62	
71. BANKHEAD FARMS	OCT. 1, 1938	AND SALE	193,919.00	751,173.93	945,092.93	164,900.00	164,900.00	
72. BEAUXART GARDENS	JULY 1, 1936	"	125,000.00	18,027.62	143,027.62	114,704.27	114,704.27	
73. DALWORTHINGTON GARDENS	JUNE 1, 1936	"	150,000.00	179,421.24	329,421.24	138,889.93	138,889.93	
74. DECATUR HOMESTEADS	OCT. 31, 1936	"	156,140.00	1,139.94	157,279.94	142,439.93	142,439.93	
75. EL MONTE HOMESTEADS	JULY 1, 1936	"	299,400.00	7,423.19 CR	291,976.81	274,894.34	274,894.34	
76. HATTIESBURG HOMESTEADS	SEPT. 30, 1936	"	49,720.00	25,561.77	75,281.77	46,246.19	46,246.19	
77. HOUSTON GARDENS	JUNE 1, 1936	"	275,586.48	7,981.62	283,568.10	251,348.54	251,348.54	
78. LONGVIEW HOMESTEADS	MAY 1, 1936	"	174,900.00	19,197.58	194,097.58	163,578.75	163,578.75	
79. MAGNOLIA HOMESTEADS	SEPT. 30, 1936	"	60,000.00	13,556.46	73,556.46	55,898.38	55,898.38	
80. PHOENIX HOMESTEADS	JULY 31, 1936	"	89,150.00	21,614.02	110,764.02	83,432.09	83,432.09	
81. SAN FERNANDO HOMESTEADS	JULY 1, 1936	"	105,960.00	1,487.75 CR	104,472.25	99,564.54	99,564.54	
82. THREE RIVERS GARDENS	JULY 1, 1936	"	82,650.00	80,293.43	162,943.43	76,891.78	76,891.78	
83. WICHITA GARDENS	NOV. 1, 1937	"	131,716.00	55,774.40	187,490.40	128,034.48	128,034.48	
84. <u>TOTALS SUBSISTENCE HOMESTEAD PROJECT SALES CONTRACTS</u>			<u>\$ 1,957,937.48</u>	<u>\$ 1,314,262.94</u>	<u>\$ 3,272,200.42</u>	<u>\$ 1,785,040.84</u>	<u>\$ 1,785,040.84</u>	
85. <u>REHABILITATION PROJECT RENTAL CONTRACTS (13,402 CONTRACTS):</u>						\$ 17,551.78	\$ 297,733.60	
86. <u>MISCELLANEOUS ACCOUNTS RECEIVABLE:</u>	VARIOUS	VARIOUS	\$ 134,296.87	\$ 70,238.61	\$ 204,535.48	\$ 81,636.79	\$ 81,636.79	
87. <u>TOTALS ACCOUNTS RECEIVABLE</u>			<u>\$ 2,092,234.35</u>	<u>\$ 1,384,501.55</u>	<u>\$ 3,476,735.90</u>	<u>\$ 1,884,229.41</u>	<u>\$ 2,154,411.23</u>	
88. <u>ACCRUED INTEREST RECEIVABLE FROM:</u>								
89. <u>REHABILITATION LOANS TO FARM FAMILIES (898,737 LOANS)</u>						\$ 490,325.68	\$ 16,354,351.39	
90. <u>REHABILITATION LOANS TO COOPERATIVE ASSOC. OF FARMERS (182 LOANS)</u>						\$ 246,921.12	\$ 279,894.30	
91. <u>LOANS TO FARM TENANT FAMILIES FOR PURCHASE OF FARMS (4,494 LOANS)</u>						\$ 13,840.20	\$ 252,134.03	

DETAILED SCHEDULE OF BALANCE SHEET ITEMSAS OF JUNE 30, 1939ASSETS

DESCRIPTION	DATE OF ACQUISITION	MANNER OF ACQUISITION	VALUE AT TIME OF ACQUISITION	EXPENSES INCURRED THEREON		TOTAL COST INCLUDING EXPENSES	BOOK VALUE JUNE 30, 1939	APPRAISED VALUE JUNE 30, 1939	
				CAPITALIZED EXPENSES	NON-CAPITALIZED EXPENSES				
ACCRUED INTEREST RECEIVABLE FROM (CONT.):									
92.	SUBSISTENCE HOMESTEAD PROJECT SALES CONTRACTS (14 CONTRACTS)						\$ 55,472.59	\$ 55,472.59	
93.	TOTALS ACCRUED INTEREST RECEIVABLE						\$ 807,059.59	\$ 16,942,352.31	
94. INVESTMENT IN FIXED PROPERTY:									
95.	REHABILITATION PROJECTS:								
96.	ABERDEEN GARDENS	MAY 15, 1935	TRANSFER FROM INTERIOR	\$ 10,108.94	\$ 1,313,857.92	\$ 85,255.43	\$ 1,409,222.29	\$ 1,323,966.86	\$ 1,323,966.86
97.	ALABAMA FARM TENANT SECURITY FARMS				565,797.30	25,056.31	590,853.61	565,797.30	541,923.80
98.	ALLENDALE FARMS				3,255.78		3,255.78	3,255.78	3,255.78
99.	ARIZONA MIGRATORY LABOR CAMPS				167,246.48	5,618.76	172,865.24	167,246.48	167,246.48
100.	ARIZONA PART-TIME FARMS	MAY 15, 1935	TRANSFER FROM INTERIOR	15,738.41	526,527.53	44,549.91	586,815.85	542,265.94	542,265.94
101.	ARKANSAS DELTA FARMS				785,881.01	53,568.37	839,449.38	785,881.01	783,888.82
102.	ARKANSAS FARM TENANT SECURITY FARMS				633,661.34	32,207.79	665,869.13	633,661.34	633,661.34
103.	ARTHURDALE	MAY 15, 1935	TRANSFER FROM INTERIOR	987,192.55	951,362.77	537,490.59	2,476,045.91	1,938,555.32	1,938,555.32
104.	ASHWOOD PLANTATION				1,355,304.32	98,143.64	1,453,447.96	1,355,304.32	1,355,304.32
105.	BELTRAMIS ISLAND FARMS				27,714.83	21,807.72	49,522.55	27,714.83	27,714.83
106.	BOOMER FARMS				470,015.76	29,272.90	499,288.66	470,015.76	470,015.76
107.	BOSQUE FARMS				509,044.68	88,808.49	597,853.37	509,044.88	531,880.10
108.	BOUNDARY FARMS				480,110.25	21,876.92	501,987.17	480,110.25	480,110.25
109.	BRIAR PATCH FARMS				130,923.97	6,808.97	137,732.94	130,923.97	130,923.97
110.	CAHABA FARMS	MAY 15, 1935	TRANSFER FROM INTERIOR	76,866.46	2,642,247.06	125,945.13	2,845,058.65	2,719,113.52	2,755,223.71
111.	CALIFORNIA MIGRATORY LABOR CAMPS				2,198,198.60	242,924.39	2,441,122.89	2,198,198.60	2,198,198.60
112.	CAMPBELL FARMS				15,430.01		15,430.01	15,430.01	15,430.01
113.	CASA GRANDE VALLEY FARMS				771,195.19	26,092.75	797,287.94	771,195.19	771,195.19
114.	CENTRAL ARKANSAS VALLEY FARMS				50,843.76	15,158.70	66,002.46	50,843.76	39,221.82
115.	CENTRAL MINNESOTA FARMS				972,423.64	39,737.06	1,012,160.70	972,423.64	972,423.64
116.	CENTRAL WISCONSIN FARMS				540,051.74	44,942.29	584,994.03	540,051.74	540,051.74
117.	CHRISTIAN-TRIGG FARMS				723,601.65	30,755.05	754,356.70	723,601.65	709,961.84
118.	COFFEE FARMS				1,005,574.17	109,951.89	1,115,526.06	1,005,574.17	1,015,808.82
119.	CROWLEY RIDGE FARMS				143,152.97	18,077.05	161,230.02	143,152.97	144,288.06
120.	CUMBERLAND HOMESTEADS	MAY 15, 1935	TRANSFER FROM INTERIOR	475,156.37	2,246,037.70	499,933.74	3,221,127.81	2,721,194.07	2,901,562.28
121.	DENVER HOMESTEADS	MAY 15, 1935	TRANSFER FROM INTERIOR	28,693.80	75,000.00		103,693.80	103,693.80	103,693.80
122.	DRUMMOND FOREST COMMUNITY				248,676.72		248,676.72	248,676.72	218,343.59
123.	DULUTH HOMESTEADS	MAY 15, 1935	TRANSFER FROM INTERIOR	14,973.34	966,631.65	54,377.40	1,035,982.39	981,604.99	971,344.72
124.	EASTERN OKLAHOMA FARMS				362,926.99	43,346.89	406,273.88	362,926.99	362,926.99
125.	EASTERN SOUTH DAKOTA FARMS				237,732.70	16,416.71	254,149.41	237,732.70	237,732.70
126.	ESCAMBIA FARMS				459,160.17	23,824.20	482,984.37	459,160.17	426,781.42
127.	FAIRBURY FARMSTEADS				12,630.34	2,738.21	15,368.55	12,630.34	12,800.49
128.	FAIRFIELD BENCH FARMS				814,865.62	81,393.35	896,258.97	814,865.62	816,043.66
129.	FALLS CITY FARMSTEADS				9,792.36	1,399.18	11,191.54	9,792.36	9,598.34
130.	FANNIN FARMS				257,841.61	34,692.84	292,534.45	257,841.61	257,841.61
131.	FINGER LAKES FARMS				298,562.11	25,177.07	323,739.18	298,562.11	292,833.62

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DESCRIPTION	DATE OF ACQUISITION	MANNER OF ACQUISITION	VALUE AT TIME OF ACQUISITION	EXPENSES INCURRED THEREON		TOTAL COST INCLUDING EXPENSES	BOOK VALUE JUNE 30, 1939	APPRAISED VALUE JUNE 30, 1939
				CAPITALIZED EXPENSES	NON-CAPITALIZED EXPENSES			
INVESTMENT IN FIXED PROPERTY (CONT.):								
REHABILITATION PROJECTS (CONT.):								
132. FLINT RIVER FARMS				\$ 27,500.13		\$ 27,500.13	\$ 27,500.13	\$ 27,500.13
133. FLORIDA MIGRATORY LABOR CAMPS				10,916.58	\$ 534.07	11,450.65	10,916.58	10,916.58
134. GEORGIA FARM TENANT SECURITY FARMS				546,693.50	22,086.32	568,779.82	546,693.50	534,477.69
135. GRAND ISLAND FARMSTEADS				11,239.78	852.96	12,092.74	11,239.78	10,681.82
136. GRANGER HOMESTEADS	MAY 15, 1935	TRANSFER FROM INTERIOR	\$ 35,005.18	174,549.90	41,494.16	251,049.24	209,555.08	209,315.55
137. GREENBELT				14,408,892.08	664,187.19	15,073,079.27	14,408,892.08	13,357,533.84
138. GREENDALE				10,417,591.18	337,201.94	10,754,793.12	10,417,591.18	10,219,231.61
139. GREENHILLS				11,793,358.98	381,377.34	12,174,736.32	11,793,358.98	11,627,017.96
140. GREENVILLE HOMESTEADS	MAY 15, 1935	TRANSFER FROM INTERIOR	13,692.46			13,692.46	13,692.46	13,692.46
141. GREENWOOD HOMESTEADS	MAY 15, 1935	TRANSFER FROM INTERIOR	24,445.34	802,575.78	34,080.30	861,101.42	827,021.12	816,249.51
142. HINDS FARMS				23,571.29	16,645.19	40,216.48	23,571.29	23,571.29
143. IDAHO MIGRATORY LABOR CAMPS				13,282.05		13,282.05	13,282.05	13,282.05
144. IRONWOOD HOMESTEADS				1,379,261.78	59,520.80	1,438,782.58	1,379,261.78	1,284,589.72
145. IRWINVILLE FARMS				594,439.57	48,845.27	643,284.84	594,439.57	595,378.32
146. JACKSONVILLE HOMESTEADS				18,513.66		18,513.66	18,513.66	18,513.66
147. JERSEY HOMESTEADS	MAY 15, 1935	TRANSFER FROM INTERIOR	167,347.63	3,345,805.03	121,994.97	3,635,147.63	3,513,152.66	3,263,164.23
148. JOHANNESBURG FARMS				45,315.71	5,596.89	50,912.60	45,315.71	29,593.21
149. KEARNEY FARMSTEADS				6,578.97	1,232.35	7,811.32	6,578.97	6,578.97
150. KINSEY FLATS FARMS				4,450.46		4,450.46	4,450.46	4,450.46
151. LAFRANCE HOMESTEADS	MAY 15, 1935	TRANSFER FROM INTERIOR	6,034.96			6,034.96	6,034.96	6,034.96
152. LAKE COUNTY HOMESTEADS	MAY 15, 1935	TRANSFER FROM INTERIOR	52,387.11	504,160.87	59,008.86	615,556.84	556,547.98	552,825.00
153. LAKE DICK FARMS				584,084.28	34,331.30	618,415.58	584,084.28	584,084.28
154. LAKEVIEW FARMS				618,402.62	36,399.26	654,801.88	618,402.62	618,402.62
155. LAKEWOOD-CRANDON FARMS				82,436.37	11,415.87	93,852.24	82,436.37	82,436.37
156. LOUISIANA DELTA FARMS				716,596.42	43,614.91	760,211.33	716,596.42	711,198.05
157. LOUISIANA FARM TENANT SECURITY FARMS				468,701.29	26,840.94	495,542.23	468,701.29	468,701.29
158. LOUP CITY FARMSTEADS				5,672.71	1,929.82	7,602.53	5,672.71	5,949.06
159. MAHONING GARDENS	MAY 15, 1935	TRANSFER FROM INTERIOR	31,370.19	14,780.04		46,150.23	46,150.23	46,150.23
160. MCCOMB HOMESTEADS	MAY 15, 1935	TRANSFER FROM INTERIOR	75,628.12	5,429.69	28,843.01	109,900.82	81,057.81	91,449.52
161. MILK RIVER FARMS	MAY 15, 1935	TRANSFER FROM INTERIOR	393.24	1,537,528.30	135,167.71	1,673,089.25	1,537,921.54	1,537,921.54
162. MISSISSIPPI DELTA FARMS				697,220.84	39,628.37	736,849.21	697,220.84	697,168.24
163. MISSISSIPPI FARM TENANT SECURITY FARMS				518,840.78	26,642.25	545,483.03	518,840.78	518,840.78
164. MONROE COUNTY HOMESTEADS	MAY 15, 1935	TRANSFER FROM INTERIOR	9,740.60	28,500.60		38,240.60	38,240.60	38,240.60
165. MOUNT OLIVE HOMESTEADS	MAY 15, 1935	TRANSFER FROM INTERIOR	43,490.39	558,420.29	31,903.79	633,814.47	601,910.68	603,754.29
166. NEW MEXICO FARMS				192,041.52	20,896.46	212,937.98	192,041.52	192,041.52
167. NEW YORK VALLEY FARMS				232,110.82	22,208.45	254,319.27	232,110.82	222,336.14
168. NORTHAMPTON FARMS				148,453.71	1,857.78	150,311.49	148,453.71	148,453.71
169. NORTH CAROLINA FARM TENANT SECURITY FARMS				485,416.34	17,739.01	503,155.35	485,416.34	485,416.34
170. NORTHEASTERN KANSAS FARMS				184,610.67	11,101.47	195,712.14	184,610.67	184,610.67
171. NORTHEAST MISSISSIPPI FARMS				398,600.74	33,975.93	432,576.67	398,600.74	398,600.74
172. NORTHWEST ARKANSAS FARMS				133,682.45	17,569.77	151,252.22	133,682.45	133,682.45
173. OKLAHOMA FARM TENANT SECURITY FARMS				477,745.42	17,535.48	495,280.90	477,745.42	477,745.42

DETAILED SCHEDULE OF BALANCE SHEET ITEMS

AS OF JUNE 30, 1939

ASSETS

DESCRIPTION	DATE OF ACQUISITION	MANNER OF ACQUISITION	VALUE AT TIME OF ACQUISITION	EXPENSES INCURRED THEREON		TOTAL COST INCLUDING EXPENSES	BOOK VALUE JUNE 30, 1939	APPRAISED VALUE JUNE 30, 1939
				CAPITALIZED EXPENSES	NON-CAPITALIZED EXPENSES			
INVESTMENT IN FIXED PROPERTY (CONT.):								
REHABILITATION PROJECTS (CONT.):								
174.	ORANGEBURG FARMS				\$ 106,434.05	\$ 106,434.05	\$ 106,434.05	\$ 106,434.05
175.	OREGON MIGRATORY LABOR CAMPS				7,200.38	7,200.38	7,200.38	7,200.38
176.	OSAGE FARMS				638,294.47	\$ 54,549.50	692,843.97	638,294.47
177.	PALMERDALE HOMESTEADS	MAY 15, 1935	TRANSFER FROM INTERIOR	\$ 106,194.47	863,251.02	51,270.00	1,020,715.49	969,445.49
178.	PEMBROKE FARMS				384,196.54	21,235.67	405,432.21	384,196.54
179.	PENDERLEA HOMESTEADS	MAY 15, 1935	TRANSFER FROM INTERIOR	382,705.15	1,721,987.05	189,085.44	2,293,777.64	2,104,692.20
180.	PENNSYLVANIA FARMS				187,137.69	32,370.63	219,508.32	187,137.69
181.	PIEDMONT HOMESTEADS	MAY 15, 1935	TRANSFER FROM INTERIOR	173,296.30	405,532.52	24,072.04	602,900.86	578,828.82
182.	PLUM BAYOU FARMS				1,031,943.74	155,063.16	1,187,006.90	1,031,943.74
183.	PRAIRIE FARMS				120,664.27	14,322.51	134,986.78	120,664.27
184.	RED HOUSE				163,453.33	266,304.85	429,758.18	163,453.33
185.	RED RIVER VALLEY FARMS				1,081,002.85	31,871.19	1,112,874.04	1,081,002.85
186.	RICHTON HOMESTEADS	MAY 15, 1935	TRANSFER FROM INTERIOR	59,617.23	162,889.24	13,439.44	235,945.91	222,506.47
187.	ROANOKE FARMS				1,768,019.00	61,396.56	1,829,415.56	1,768,019.00
188.	ROPEVILLE FARMS				15,689.11	17,460.36	33,149.47	15,689.11
189.	SABINE FARMS				150,416.54	23,749.99	174,166.53	150,416.54
190.	SAGINAW VALLEY FARMS				309,769.53	35,488.08	345,257.61	309,769.53
191.	SALUDA GARDEN HOMES				3,643.86		3,643.86	3,643.86
192.	SAM HOUSTON FARMS				268,748.63	26,354.27	295,102.90	268,748.63
193.	SAN LUIS VALLEY FARMS				540,487.89	34,265.67	574,753.56	540,487.89
194.	SCIOTO FARMS				1,333,786.07	66,573.30	1,400,359.37	1,333,786.07
195.	SCOTTSBLUFF FARMSTEADS				90,942.90	6,053.16	96,996.06	90,942.90
196.	SCUPPERNONG FARMS				498,584.01	27,136.74	525,720.75	498,584.01
197.	SEVIER VALLEY FARMS				120,203.64	3,948.80	124,152.44	120,203.64
198.	SHENANDOAH HOMESTEADS	MAY 15, 1935	TRANSFER FROM INTERIOR	20,171.98	1,032,281.47	35,958.17	1,088,411.62	1,052,453.45
199.	SIOUX FALLS FARMSTEADS				65,372.12	10,312.09	75,684.21	65,372.12
200.	SKYLINE FARMS				273,906.53	13,455.35	287,361.88	273,906.53
201.	SNOHOMISH FARMS				370,632.60	34,939.75	405,572.35	370,632.60
202.	SOUTH CAROLINA FARM TENANT SECURITY FARMS				436,720.85	17,447.10	454,167.95	436,720.85
203.	SOUTHEAST MISSOURI FARMS				442,325.17	28,753.64	471,078.81	442,325.17
204.	SOUTHERN ILLINOIS HOMESTEADS	MAY 15, 1935	TRANSFER FROM INTERIOR	10,350.00	16,557.28		26,907.28	26,907.28
205.	SOUTHERN MICHIGAN FARMS				525,506.21	33,702.71	559,208.92	525,506.21
206.	SOUTH SIOUX CITY FARMSTEADS				32,932.02	1,893.47	34,825.49	32,932.02
207.	STATE OF MAINE FARMS				277,756.31	30,186.61	307,942.92	277,756.31
208.	SUBLIMITY FARMS				448,168.06	984.81	449,152.87	448,168.06
209.	TENNESSEE FARM TENANT SECURITY FARMS				432,513.68	28,990.35	461,504.03	432,513.68
210.	TERREBONNE FARMS				129,877.12	16,598.72	146,475.84	129,877.12
211.	TEXAS FARM TENANT SECURITY FARMS				924,841.13	53,411.19	978,252.32	924,841.13
212.	TEXAS MIGRATORY LABOR CAMPS				12,792.39		12,792.39	12,792.39
213.	THIEF RIVER FALLS FARMS				892,727.02	53,112.04	945,839.06	892,727.02
214.	TULSA COUNTY HOMESTEADS	MAY 15, 1935	TRANSFER FROM INTERIOR	11,496.31			11,496.31	11,496.31
215.	TUPELO HOMESTEADS	MAY 15, 1935	TRANSFER FROM INTERIOR	74,513.16	66,370.50	7,569.74	148,453.40	140,883.66
216.	TUPELO SUBURBAN GARDENS				23,688.50		23,688.50	23,688.50
217.	TUSKEGEE HOMESTEADS				17,702.40		17,702.40	17,702.40

DETAILED SCHEDULE OF BALANCE SHEET ITEMS

AS OF JUNE 30, 1939

ASSETS

DESCRIPTION	DATE OF ACQUISITION	MANNER OF ACQUISITION	VALUE AT TIME OF ACQUISITION	EXPENSES INCURRED THEREON		TOTAL COST INCLUDING EXPENSES	BOOK VALUE JUNE 30, 1939	APPRAISED VALUE JUNE 30, 1939
				CAPITALIZED EXPENSES	NON-CAPITALIZED EXPENSES			
<u>INVESTMENT IN FIXED PROPERTY (CONT.):</u>								
<u>REHABILITATION PROJECTS (CONT.):</u>								
218. TWO RIVERS FARMSTEADS				\$ 192,195.10	\$ 64,149.23	\$ 256,344.33	\$ 192,195.10	\$ 193,071.11
219. TYGART VALLEY HOMESTEADS	MAY 15, 1935	TRANSFER FROM INTERIOR	\$ 480,119.33	1,045,318.03	263,052.55	1,788,489.91	1,525,437.36	1,525,437.36
220. WABASH FARMS				1,056,421.30	92,069.98	1,148,491.28	1,056,421.30	1,056,421.30
221. WASHINGTON MIGRATORY LABOR CAMPS				11,661.37		11,661.37	11,661.37	11,661.37
222. WESTERN ARKANSAS VALLEY FARMS				68,848.78	15,649.68	84,498.46	68,848.78	68,848.78
223. WESTERN SLOPE FARMS				870,643.99	67,660.93	938,304.92	870,643.99	870,643.99
224. WESTMORELAND HOMESTEADS	MAY 15, 1935	TRANSFER FROM INTERIOR	358,447.19	1,312,603.42	378,270.29	2,049,320.90	1,671,050.61	1,671,050.61
225. WICHITA VALLEY FARMS				846,086.48	44,815.13	890,901.61	846,086.48	807,118.95
226. WOLF CREEK FARMS				133,770.74	6,344.82	140,115.56	133,770.74	126,963.25
227. WOLF PIT FARMS				191,075.20	11,895.85	202,971.05	191,075.20	191,075.20
228. WOOD LAKE COMMUNITY				19,847.12	72,646.40	92,493.52	19,847.12	19,847.12
229. YAMHILL FARMS				1,134,284.61	58,653.77	1,192,938.38	1,134,284.61	1,125,177.61
230. UNDISTRIBUTED EXPENSE						1,335,699.22	1,335,699.22	
231. <u>TOTALS INVESTMENT IN FIXED PROPERTY</u>			<u>\$ 3,745,176.21</u>	<u>\$100,470,959.33</u>	<u>\$ 8,775,844.74</u>	<u>\$112,991,980.28</u>	<u>\$104,216,135.54</u>	<u>\$102,305,307.25</u>
<u>232. INVENTORIES HELD FOR RESALE:</u>								
233. <u>CHATELS PURCHASED FOR RESALE</u>	VARIOUS	PURCHASE	\$ 295,384.01			\$ 295,384.01	\$ 235,258.40	\$ 235,258.40
234. <u>MORTGAGED CHATELS ACQUIRED</u>	VARIOUS	LOAN FORECLOSURES	\$ 876,490.29		\$ 23,988.81	\$ 900,479.10	\$ 211,527.69	\$ 203,938.36
235. <u>TOTALS INVENTORIES HELD FOR RESALE</u>			<u>\$ 1,171,874.30</u>		<u>\$ 23,988.81</u>	<u>\$ 1,195,863.11</u>	<u>\$ 446,786.09</u>	<u>\$ 439,196.76</u>

DETAILED SCHEDULE OF BALANCE SHEET ITEMSAS OF JUNE 30, 1939LIABILITIES

<u>ACCOUNT TITLE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	
		<u>PRINCIPAL</u>	<u>INTEREST</u>
1. <u>TRUST OBLIGATIONS:</u>			
2. DEPOSITS TOWARD PURCHASE PRICE OF LAND	COLLECTIONS HELD IN TRUST IN TREASURY	\$ 13,613.87	
3. DEPOSITS OF DEDUCTIONS FROM AGRICULTURAL ADJUSTMENT PROGRAM PAYMENTS	" " "	57,118.94	
4. DEPOSITS OF UNCLAIMED MONEYS	" " "	2,512.37	
5. DEPOSITS OF UNEARNED GRAZING FEES	" " "	<u>41,428.04</u>	
6. <u>TOTAL TRUST OBLIGATIONS</u>		<u>\$114,673.22</u>	

MISCELLANEOUS STATEMENTS AS OF JUNE 30, 1939ANALYSIS OF LOANS MADE, REPAYMENTS AND BALANCES

DESCRIPTION	TOTAL	L O A N S B Y C L A S S E S		
		LOANS TO FARM FAMILIES	LOANS TO COOPERATIVE ASSOCIATIONS	LOANS TO FARM TENANT FAMILIES
1. <u>AGGREGATE PRINCIPAL AMOUNT OF LOANS MADE:</u>				
2. ADVANCES OF CASH	\$362,327,735.07	\$328,072,498.78	\$ 10,850,258.74	\$ 23,404,977.55
3. ADVANCES OF PROPERTY	520,219.64	520,219.64		
4. RENEWALS AND EXTENSIONS	57,265,645.00	57,265,645.00		
5. INTEREST ADDED TO PRINCIPAL				
6. EXPENSES OR OTHER CHARGES TO BORROWER	51,508.85	51,508.85		
7. <u>TOTALS PRINCIPAL CHARGES</u>	<u>\$420,165,108.56</u>	<u>\$385,909,872.27</u>	<u>\$ 10,850,258.74</u>	<u>\$ 23,404,977.55</u>
8. <u>AGGREGATE PRINCIPAL AMOUNT OF REPAYMENTS:</u>				
9. IN CASH	\$ 82,597,575.49	\$ 82,410,484.13	\$ 81,388.51	\$ 105,702.85
10. IN PROPERTY	864,375.51	824,279.03	40,096.48	
11. BY RENEWAL OR EXTENSION	57,265,645.00	57,265,645.00		
12. BY WRITE-OFF OF INDEBTEDNESS				
13. OTHER CREDITS TO BORROWER	67,520.19	67,520.19		
14. <u>TOTALS PRINCIPAL CREDITS</u>	<u>\$140,795,116.19</u>	<u>\$140,567,928.35</u>	<u>\$ 121,484.99</u>	<u>\$ 105,702.85</u>
15. <u>OUTSTANDING INDEBTEDNESS:</u>				
16. ORIGINAL LOANS)				
17. RENEWALS AND EXTENSIONS) (1)				
18. EXPENSES OR OTHER CHARGES)				
19. <u>TOTALS OUTSTANDING PRINCIPAL</u>	<u>\$279,369,992.37</u>	<u>\$245,341,943.92</u>	<u>\$ 10,728,773.75</u>	<u>\$ 23,299,274.70</u>
20. UNCOLLECTED ACCRUED INTEREST	18,875,718.73	18,310,812.36	312,772.34	252,134.03
21. <u>TOTALS OUTSTANDING INDEBTEDNESS</u>	<u>\$298,245,711.10</u>	<u>\$263,652,756.28</u>	<u>\$ 11,041,546.09</u>	<u>\$ 23,551,408.73</u>

FOOTNOTE: (1) THIS INFORMATION NOT AVAILABLE.

MISCELLANEOUS STATEMENTS AS OF JUNE 30, 1939

ANALYSIS OF LOANS IN DEFAULT

DESCRIPTION	TOTAL	L O A N S B Y C L A S S E S		
		LOANS TO FARM FAMILIES	LOANS TO COOPERATIVE ASSOCIATIONS	LOANS TO FARM TENANT FAMILIES
1. AGGREGATE NUMBER AND PRINCIPAL AMOUNT OF LOANS IN DEFAULT:				
2. NUMBER OF LOANS IN DEFAULT (1)	263,723	263,543	71	109
3. AMOUNT OF PRINCIPAL IN DEFAULT				
4. (A) MATURED PRINCIPAL INSTALLMENTS	\$ 46,692,562.81	\$ 46,489,706.51	\$ 186,029.77	\$ 16,826.53
5. (B) UNMATURED INSTALLMENTS DUE AND PAYABLE (2)				
6. TOTAL PRINCIPAL IN DEFAULT	\$ 46,692,562.81	\$ 46,489,706.51	\$ 186,029.77	\$ 16,826.53
7. AMOUNT OF UNCOLLECTED ACCRUED INTEREST ON LOANS IN DEFAULT	\$ 7,036,296.31	\$ 6,936,135.72	\$ 99,782.39	\$ 378.20
8. TOTAL AMOUNT OF PRINCIPAL AND INTEREST IN DEFAULT	\$ 53,728,859.12	\$ 53,425,842.23	\$ 285,812.16	\$ 17,204.73
9. PROBABLE VALUE OF DEFAULTED LOANS	\$ 33,620,962.87	\$ 33,442,732.49 (3)	\$ 161,025.65 (4)	\$ 17,204.73

FOOTNOTES: (1) NUMBER OF BORROWERS IN DEFAULT 124,200 124,020 71 109

(2) ALTHOUGH NOTES SECURING LOANS PROVIDE THAT THE FARM SECURITY ADMINISTRATION MAY OPTIONALLY DECLARE THE UNMATURED PORTION OF AN ACCOUNT IN DEFAULT TO BE DUE AND PAYABLE, THE ADMINISTRATIVE POLICY FOLLOWED PROVIDES THAT SUCH UNMATURED PRINCIPAL NOT BE MATURED UNLESS ACTUAL FORECLOSURE PROCEEDINGS HAVE BEEN BEGUN. ANY UNMATURED PRINCIPAL MATURED FOR THIS REASON IS INCLUDED IN 3 (A) ABOVE.

METHOD OF EVALUATION OF LOANS IN DEFAULT AS OF JUNE 30, 1939

- (3) SINCE APPROXIMATELY 63% OF MATURED PRINCIPAL HAS BEEN COLLECTED ON THESE LOANS IN PRIOR YEARS, ESTIMATED VALUE IS BASED ON THE EVENTUAL COLLECTION OF 60% OF MATURED PRINCIPAL BALANCE. COLLECTION OF DELINQUENT INTEREST IS ESTIMATED AT 80%, SINCE ANY COLLECTIONS MADE ARE APPLIED TO INTEREST FIRST.
- (4) APPRAISED VALUE AS ABOVE ELIMINATES THE BALANCE DUE ON TWO LOANS FORECLOSED, SINCE THE ASSOCIATIONS TO WHICH THE LOANS WERE MADE ARE NO LONGER IN EXISTENCE. FURTHER REDUCTIONS IN VALUE IS BASED ON THE ESTIMATED COLLECTIBILITY OF PRINCIPAL AND INTEREST IN DEFAULT ON AN 80% BASIS.

MISCELLANEOUS STATEMENTS AS OF JUNE 30, 1939

ASSETS WRITTEN-OFF OR APPRAISED AT LESS THAN COST

DESCRIPTION OF ASSETS	NUMBER OF ASSETS	COST OF ASSET	B O O K W R I T E - O F F S					RECOVERIES APPLICABLE TO ASSETS WRITTEN-OFF	NET AMOUNT OF WRITE-OFFS	REDUCTION IN VALUE BECAUSE OF APPRAISAL AT LESS THAN COST JUNE 30, 1939	TOTAL AMOUNT OF NET WRITE-OFFS AND APPRAISAL REDUCTIONS
			UNCOLLECTIBLE AMOUNTS	WRITE-OFFS AS RESULT OF REAPPRAISALS	DIFFERENCE BETWEEN COST OF ASSET AND AMOUNT REALIZED	OTHER WRITE-OFFS	TOTAL WRITE-OFFS				
1. <u>LOANS RECEIVABLE:</u>											
2. <u>REHABILITATION LOANS TO FARM FAMILIES</u>	898,737	\$261,196,409.27								\$ 48,423,718.21	\$ 48,423,718.21
3. <u>REHABILITATION LOANS TO COOPERATIVE ASSOCIATIONS OF FARMERS</u>	182	10,768,263.21								2,227,384.47	2,227,384.47
4. <u>ACCRUED INTEREST RECEIVABLE FROM:</u>											
5. <u>REHABILITATION LOANS TO FARM FAMILIES</u>	898,737									1,955,960.97	1,955,960.97
6. <u>REHABILITATION LOANS TO COOPERATIVE ASSOCIATIONS</u>	182									32,878.04	32,878.04
7. <u>INVENTORIES HELD FOR RESALE:</u>											
8. <u>MORTGAGED CHATTELS ACQUIRED (1)</u>		\$ 876,490.29				\$ 23,988.81	\$ 23,988.81		\$ 23,988.81	\$ 7,589.33	\$ 31,578.14
9. <u>INVESTMENT IN FIXED PROPERTY:</u>											
10. <u>REHABILITATION PROJECTS</u>	134	\$112,991,980.28								\$ 1,184,620.73	\$ 1,184,620.73

FOOTNOTE: (1) WRITE-OFFS INCLUDE NET LOSSES ON CASH OR CREDIT SALES, AND LOSSES THROUGH DEATH OR SPOILAGE OF MORTGAGED CHATTELS HELD FOR RESALE.

MISCELLANEOUS STATEMENTS AS OF JUNE 30, 1939

PROPERTY ACQUIRED THROUGH DEFAULT ON LOANS

DESCRIPTION	TOTAL	L O A N S B Y C L A S S E S		
		LOANS TO FARM FAMILIES	LOANS TO COOPERATIVE ASSOCIATIONS	LOANS TO FARM TENANT FAMILIES
1. <u>AGGREGATE AMOUNT OF SECURED LOANS, THE SECURITY FOR WHICH WAS ACQUIRED OR SOLD BY FORECLOSURE OR OTHERWISE: (1)</u>				
2. <u>AGGREGATE LOAN CHARGES</u>				
3. <u>CASH REPAYMENTS</u>				
4. <u>NET INVESTMENT UPON LIQUIDATION OF INDEBTEDNESS</u>				
5. <u>UNCOLLECTED ACCRUED INTEREST</u>				
6. <u>TOTALS OUTSTANDING INDEBTEDNESS</u>				
7. <u>AGGREGATE APPRAISED VALUE OF PROPERTY SECURING THESE LOANS AS OF THE DATE LOANS WERE MADE: (2)</u>				
8. <u>CAPITALIZED EXPENSES IN CONNECTION WITH THE CUSTODY AND DISPOSITION OF PROPERTY:</u>	\$ 51,508.85	\$ 51,508.85		
9. <u>AMOUNT REALIZED ON PROPERTY SOLD:</u>				
10. <u>AMOUNT REALIZED FROM SALES OR OTHER DISPOSITION</u>	\$ 649,845.79	\$ 649,845.79		
11. <u>NET INCOME PRIOR TO SALE</u>	17,065.10 •	17,065.10 •		
12. <u>TOTALS</u>	\$ 632,780.69	\$ 632,780.69		
13. <u>PROPERTY NOT DISPOSED OF:</u>				
14. <u>APPRAISED VALUE OF PROPERTY ON HAND</u>	\$ 211,527.69	\$ 164,339.05	\$ 47,188.64	
15. <u>NET INCOME FROM PROPERTY ON HAND</u>				

FOOTNOTES: • INDICATES NET LOSS.

(1) THIS INFORMATION NOT AVAILABLE.

(2) NO DIRECT RELATION IN VALUES EXISTS BETWEEN AMOUNTS OF LOANS AND VALUE OF SECURITY INASMUCH AS THE POLICY FOLLOWED BY THE FARM SECURITY ADMINISTRATION IS SUCH THAT CHATTEL OR CROP MORTGAGES ARE TAKEN WHICH INCLUDE, IN MANY CASES, ALL ASSETS POSSESSED BY THE BORROWER AS WELL AS ANY ASSETS PURCHASED FROM THE PROCEEDS OF THE LOAN. LOANS ARE PRIMARILY SECURED BY THE ABILITY OF THE BORROWER TO REPAY FROM INCOME.

